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'TEXT' OF LIMA DECLARATION ON SOLIDARITY

PY311428 Buenos Aires TELAM in Spanish 0245 GMT 31 Jul 85

["Text" of declaration signed 29 July by the heads of state and representatives of 25 Latin American nations who attended President Alan Garcia's inauguration in Lima]

[Text] Lima, 30 Jul (TELAM-REUTER) -- The presidents of Argentina, Bolivia, Colombia, Panama, the Dominican Republic, and Uruguagy and special envoys from Brazil, Chile, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, and Venezuela, gathered in the city of Lima with constitutional President Alan Garcia to celebrate, together with the Peruvian people, the democratic transfer of power, which constitutes a new step toward the consolidation of democracy in Latin America and reaffirms the importance of strengthening the democratic system to ensure the state of law and respect for the human, political, economic, and social rights of the people in the face of the current difficulties and challenges, which demand special efforts to allow Latin America to develop in peace, respecting the sovereignty of states without interfering in internal affairs, improving the integration processes, and establishing a fairer and more equal international order, proclaim the conviction that Latin American solidarity will turn the region into a more valid international interlocutor and help the great Latin American fatherland to fulfill its historical destiny with the help of all its members.

In this sense, all the representatives express their governments' decision to increase political contacts in order to coordinate positions regarding matters of common interest vis a vis third nations, groups of nations, and international organizations. To achieve this, the respective foreign ministers of the member countries are entrusted to take the necessary steps.

Latin American integration is an historical imperative, and the signatories promise their support for streamlining the process of regional and subregional integration and cooperation. This is meant to reactivate the exchanges among the region, to promote development, and to attain the levels of collective economic safety that will help in establishing political stability and improving the general welfare of our peoples.

In this sense, the signatory countries also reaffirm their firm support of the Latin American Economic System, SELA, on the occasion of its 10th anniversary as a genuinely Latin American agreement and cooperation forum.

The signatories also condemn the growing conventional and nuclear arms race, because it is a threat to international peace and security and an additional obstacle in the path toward development. They also view as positive and appropriate a balanced reduction in military expenditures and allotment of greater funds for the social and economic development of their countries. They also agree to encourage the implementation of additional measures capable of fostering trust throughout the region, especially among neighboring countries.

The signatories reiterate that the Central American crisis must be resolved through peaceful means and negotiations, excluding the use of or the threat to use force, interference in the domestic affairs of other states, and all coercive measures in keeping with its original historic, political, economic, and social causes.

The signatories stress their firm support for the Contadora Group and emphasize the importance of putting into practice the measures that were adopted during the 21 and 22 July meetings in Panama to find a total and permanent solution in keeping with the ideals of peace, democracy, and development of the nations of the isthmus.

This solution should be achieved through the Contadora Document, through satisfactory political agreements among the parties involved, and through the resumption of the Manzanillo talks.

The signatories of this document also express their support for Argentina's sovereignty over the Malvinas Islands and state their concern over the continuing presence on those islands of an extraregional power and over the installation of military bases, because of the implications this has for Latin America's peace and security. They propose the resumption of negotiations according to the UN resolution.

The signatory countries reiterate their permanent support for the principles and objectives of the San Francisco Charter, and they also state that the occasion of the 40th anniversary of the United Nations, in which Latin America actively participates with importance, should be the best opportunity for demonstrating by means of concrete actions the importance given to the international process of understanding embodied in the United Nations system. This process should be strengthened now when there are more serious threats against peace and when many international cooperation and development agreements are not being fulfilled.

The signatories express their support for the general restructuring process of the inter-American system, which will be examined in the next extraordinary general assembly of the Cartagena Consensus next December. This will be done according to the permanent and fundamental principles and rules of the OAS Charter, and in keeping with Latin American interests.

They point out the serious risks that drug trafficking poses for the health of the peoples and the stability of societies, and they call for international cooperation, which is indispensable to fight drug trafficking.

The signatories point out that although the Latin American countries did not cause the international economic crisis, they are being forced to bear most of its burden through the sustained decline in the terms of trade, the serious effects of growing protectionist measures levied by the industrialized countries, and the unbearable strain that servicing their foreign debt entails. These effects seriously affect great social sectors and menace the democratic stability of the region.

They consider it indispensable that the creditors of Latin America adopt a more flexible and realistic criterion regarding the foreign debt problem, in keeping with the principle that creditors and debtors have shared responsibilities and with the proposals of the Cartagena Consensus as well as considering that the servicing of the foreign debt should be made by increasing income from exports so as not to hamper the reactivation of the regional development process.

The signatories urge the industrialized countries to abstain from establishing more protectionist measures that would violate the rules of international trade as well as to immediately withdraw the existing protectionist measures.

They also call for a reform of the international monetary and financial system in order to promote effective cooperation through the increase of financial resources available for development, the stability of the rates of exchange, and a symmetry in the process of international adjustment of the balance of payments.

President Alan Garcia's proposal to summon a Latin American presidential summit in Panama to discuss the most important foreign relations issues of the region in general was received with great interest. The presidents and the special envoys thank the Peruvian Government and people for their fraternal hospitality and expressions of affection demonstrated during their stay in this sister nation.

Lima, 29 July 1985

'GROWTH' CHIEF SWORN IN; ECONOMIC BOARD CREATED

PY280007 Buenos Aires BUENOS AIRES HERALD in English 27 Jul 85 p 9

[Text] (NA-DYN) -- President Raul Alfonsin yesterday swore in Manuel Tanoira as head of the growth promotion secretariat, with Tanoira promising state workers they have nothing to fear from the government's intentions of selling off some state companies to the private sector. Almost simultaneously, the government announced the decree creating the "socio-economic conference" -- a presidential advisory board to be made up of government, business and labour representatives. "Those who may be affected can stay calm," Tanoira told reporters after the three-minute swearing-in ceremony. "The indispensable condition is that the social cost is not paid by the employees of the companies to be sold off." Tanoira also announced that his first task is to draft a bill on selling off state companies and have it ready for Alfonsin's approval within 60 days. The engineer-turned-secretary admitted that the government faces a major challenge in getting the economy back on track. The economy ministry is "now preparing a series of measures" to that end, Tanoira said. But he added, "I honestly do not know" what they are.

The newly-created socio-economic conference will be chaired by Alfonsin and made up of 14 other members -- four ministers, five unionists, and five businessmen.

CGT TO CALL FOR 5-YEAR DEBT-SERVICING FREEZE

PY280223 Buenos Aires BUENOS AIRES HERALD in English 27 Jul 85 p 9

[Excerpt] The Unified CGT [General Confederation of Labor] will demand the government negotiate a five-year moratorium on the servicing of the country's 50-billion-dollar foreign debt, union sources aaid yesterday. The sources said the CGT would officially announce the demand shortly. CGT Press Secretary Armando Cavalieri yesterday added that "if all the money left over from foreign trade goes to pay the International Monetary Fund, then things are not going to work." According to the sources, the CGT will argue that a moratorium is the only path towards economic recovery since the money saved by not servicing the debt could go to industry.

C-130 MODIFICATION DEAL WITH LIBYA DENIED

PY311344 Paris AFP in Spanish 2227 GMT 30 Jul 85

[Text] Buenos Aires, 30 Jul (AFP) -- An official Defense Ministry spokesman denied here today the existence of an alleged contract whereby Argentina will convert two Libyan C-130 Hercules aircraft into tankers capable of refueling other planes in flight. The spokesman told AFP that Argentina does not have the technology required to modify C-130 transports (the Artentina Air Force has several C-130 planes, including tankers).

The report on the alleged contract between Argentina and Libya, which was first reported in the U.S. media and then by a Brazilian newspaper, said that the contract was signed by the Argentine state-owned Aerospace Technological Enterprise (TEA). Reliable sources from TEA have also denied the existence of the contract and confirmed that no Argentine enterprise, not even the military aircraft factory, possesses the technology required to make the modification.

The report also mentioned that TEA is the signatory of a contract to sell IA-58 Pucara counterinsurgency planes to Iraq, an operation that has not yet been concluded. This allegation was also denied by the Defense Ministry spokesman. No enterprise, the spokesman said, can formalize a sale without prior authorization from the executive branch.

GOVERNMENT CALLS CONGRESS TO CONVENE ON 6 AUGUST

PY301501 La Paz Cadena Panamericana in Spanish 1130 GMT 30 Jul 85

[Text] The National Congress has been called to convene on 6 August for the transfer of presidential powers. Through a decree approved over the weekend, the government headed by Hernan Siles Zuazo has called the National Congress to convene on 6 August at 1500 [1900 GMT].

The decree reads: Whereas, general elections had been called for president and vice president of the Republic, and for senators, deputies, and municipal councilmen, in compliance with laws of 14 December 1984 and 22 March 1985;

Whereas, the executive branch, in compliance with the powers bestowed upon it, calls the honorable National Congress to convene in a specified place where the president and the vice president of the Republic, elected in accordance with the national Constitution, will assume the presidential and vice presidential powers;

The council of minister decrees:

Single article: The honorable Congress is hereby called to convene for its solemn installation and official inauguration and the transfer of presidential powers on 6 August 1985, at 1500, in La Paz, with the appropriate protocol.

The foreign and interior ministers are hereby charged with the implementation and fulfillment of this decree.

La Paz, Government Palace, 26 July 1985

Signed: Hernan Siles Zuazo, President of the Republic, and all cabinet members.

GARRISONS REPORTEDLY PREFER BANZER FOR PRESIDENT

PY311307 Madrid EFE in Spanish 2114 GMT 30 Jul 85

[By Amanda Davila]

[Text] La Paz, 30 Jul (EFE) -- The Military High Command has expressed support for the president to be elected by Congress, but the military garrisons insist that the relative majority General Hugo Banzer Suarez obtained in the elections should be respected.

A high military source today told EFE that the Military High Command met until early this morning in the headquarters of the General Staff in La Paz to evaluate the situation created by the young officers who insist that Congress should elect General Banzer president. The source said the situation is very delicate and that it is a result of work reportedly being carried out within the Armed Forces by some political parties that fear they will be relegated from power.

The source said: We have evidence that some politicians have contacted the commanders of military garrisons to get support for their plans, which are not necessarily constitutional. He said that the Military High Command supports a democratic and legal election and will recognize the president elected by Congress, but that some sectors of the Armed Forces have expressed disagreement with that position.

According to the official results of the 14 July elections, the difference between Banzer and Victor Paz Estenssoro of the Nationalist Revolutionary Movement (MNR) is only 1.45 percent.

Despite the fact that Banzer won the elections, the MNR obtained the majority in Congress with 60 representatives, while the Nationalist Democratic Action of Banzer obtained 52 and the Movement of the Revolutionary Left (MIR) of Jaime Paz Zamora received 16. Paz Estenssoro has greater political support in Congress because many important parties follow the nationalist revolutionary line and other leftist forces will support him.

According to ADN spokesmen, the possibility that Paz Estenssoro may become president has caused concern within the ADN, which is trying to obtain congressional support to get its candidate elected. He added that if Banzer is not elected, it will be because of vote tampering by an organized opposition, which even resorted to fraud to oppose Banzer's victory. The two candidates are not going to put aside this opportunity to become president.

The MNR today said that it has the support of the leftist forces and that the Bolivian people do not want covert dictatorships. The MNR added that Congress will interpret the people's will without fear of reactionary threats.

The population is afraid that a stalemate may occur in Congress, in other words, that no president will be elected on 6 August, and that the presidency will be transferred to an interim government, which could become a pretext for a coup. There is also the fear that if Paz Estenssoro is elected, the party of General Hugo Banzer Suarez may get involved in coup adventures with the support of some sectors of the Armed Forces.

However, political observers today said that General Banzer's attitude so far has been democratic, which gives hopes that he will fulfill the promise he made before the elections to respect Congress' decision.

INTERIOR MINISTER DISCOUNTS THREAT OF SUBVERSION

PY311322 Madrid EFE in Spanish 2335 GMT 30 Jul 85

[Text] La Paz, 30 Jul (EFE) -- Interior Minister Gustavo Sanchez has said that there is no room for subversion in Bolivia. He made this statement when reporting that the state intelligence services do not have any concrete information on guerrilla groups acting inside the country.

Sanchez said that Bolivia is entering a strengthened period of democracy in which there is no place for the actions of international destabilizing groups. The guerrilla groups will not be able to undertake joint action in a country that is about to begin a period of political stability, like Bolivia, Sanchez said.

Sanchez added that the Bolivian Congress has an enormous responsibility in choosing a Bolivian president who will guarantee respect for democratic freedoms and social peace. He said that he trusts Bolivian politicians and union leaders will not promote armed actions that could interrupt the democratic process. The only ones who would want subversion to start in Bolivia are the people of the extreme right or left, who are very few and who are not participating in the democratic process, Sanchez remarked.

He denied that the Bolivian Government sponsored the formation of guerrilla groups in the country during its 3-year administration. President Hernan Siles Zuazo's government has always expressed its democratic vocation, and the proof of it is the current electoral process that will serve to strengthen institutionalization in Bolivia, Sanchez stated.

GOVERNMENT DECREES NEW MINIMUM WAGE INCREASE

PY311921 La Paz Cadena Panamericana in Spanish 1130 GMT GMT 31 Jul 85

[Text] The government has established a new national minimum wage of 10,170,000 Bolivian pesos, retroactive to 1 July. The government decision was released yesterday by the government of the Nationalist Revolutionary issued after an agreement reached among three ministries. The communique reads as follows:

It is hereby resolved that:

1. As of 1 July, all Bolivian wage earners will receive a wage or salary that cannot be lower than 1.63 times the salary paid in May 1985, as a result of the implementation of the escalator clause.

2. The workers who, between 1 May and 30 June 1985, received salary increases outside that which is established by Decree 20,832 of 24 May 1985, will be subjected to the following norms:

A. If the overall salary readjustment granted by that decree is higher than that established by the resolution adopted by the three ministers, the workers will retain the difference with no right for new increases.

B. If the overall readjustment is lower, the worker will receive only the difference, to the extent of completing the increase established by the ministerial resolution.

3. The new minimum salary or wage amounts to 10,170,000 Bolivian pesos retroactive to 1 July 1985. Thus, no public or private worker will receive a monthly wage lower than that amount.

4. Those workers associated with functions which require lower daily working hours than those established by the labor law, will be paid the increase established by the current ministerial resolution, proportionately to their hours of work. Those workers whose working hours are taken as a full days work by virtue of agreements, accords, etc, will be excepted from this treatment. These workers will thus receive the complete increase granted by the ministerial resolution.

5. Retired personnel, war veterans, pensioners, disabled persons, and disabled servicemen, will receive the overall increase granted by the ministerial resolution, in accordance with the Social Security Code and related legal dispositions.

6. Particular cases not contemplated by the current ministerial resolution will be regulated by the Labor and Labor Development Ministry through ministerial resolutions.

SARNEY SAID WILLING TO LEAD AREA DEBT TALKS

PY311406 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jul 85 p 24

[Text] Brasilia -- President Jose Sarney said yesterday that discussions on the foreign debt by the National Congress will be a natural consequence of the new position adopted by the government regarding its creditors.

According to Deputy Joao Hermann [Brazilian Democratic Mobilization Party -- PMB -- Sao Paulo State], Sarney is willing to assume the leadership of the discussions on the Latin American foreign debt. Hermann justifies this position by the fact that Brazil is the country with the largest foreign debt in the world. He also expressed "surprise" over the president's calmness in confronting the IMF demands. He added that Sarney did not feel intimidated by the 31 August deadline set by the IMF to sign the new letter of intent. "This deadline is theirs, not mine," Sarney replied, and added that he does not fear any retaliation by creditors.

The PMDB deputy briefed President Sarney on the points he will defend as a guest of Cuban President Fidel Castro at the meeting, where from 30 July to 3 August, the Latin American foreign debt problem will be discussed. The main point will be the designation of Brazil as head country at the discussions on the debt. In his opinion, the country has already influenced neighboring countries on this matter, foreseeing that all of South America will stiffen its position in negotiations with bankers and creditors. His impressions were partly accepted by the president, who pointed out that pressure by international bankers has decreased in response to the government's new position.

Hermann added that he will express assurances to Castro that Sarney's government will not negotiate its sovereignty in terms of the foreign debt. He will also tell Castro that the president is against the use of ideological conflicts in dealing with the foreign debt.

According to the deputy, the president has demonstrated "absolute assurance" in conducting the country's economic problems, to the extent that for the first time, according to Hermann, the president referred to his ministers in the economic area as his subordinates and no longer as the only leaders in economic policy.

The IMF feels that the measures adopted by the Brazilian Government in the sense of reducing the public deficit are "correct both in intensity and course." This is what Planning Minister Joao Sayad said yesterday in a brief meeting with reporters upon receiving the report from one of the members of the group of government technicians that traveled to Washington on 15 July to explain to the IMF the economic package 39.2 trillion cruzeiros designed to reduce the public deficit.

Sayad yesterday afternoon listened to the report by his ministry representative Henri Philippe Reichstul, who was in Washington as a member of the Brazilian delegation. The other members are: Joao Batista Abreu, Finance Ministry special secretary for economic affairs; Jimi Doniak, assistant federal revenues secretary; and Silvio Rodrigues, head of the Central Bank Economic Advisory Department.

What Sayad said about the IMF reaction to the public deficit "package" contradicts reports received so far about the IMF opinion on the Brazilian public deficit situation. Press reports state that the IMF considered cuts that would result in an operational deficit of 50.7 trillion cruzeiros as insufficient.

The numbers presented by the Brazilian technical delegation to the IMF have not been rejected, but the government will receive a reaction from the IMF on economic measures adopted to adjust internal financings only by the end of next week.

This report was released yesterday by Frotta Netto, acting spokesman of the presidency for economic matters. Netto added that the IMF technicians have asked for additional time until the end of next week to assess the economic plans for internal reorganization presented by Brazil.

GOVERNMENT FORMALIZES TRADE PACT WITH ARGENTINA

PY311753 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jul 85 p 37

[Text] Brasilia -- on 22 July, Itamaraty sent a Telex signed by Foreign Minister Olavo Setubal to Argentine Foreign Minister Dante Caputo. Brazil thus formalized an agreement reached in Brasilia last week to promote an "increasing balance" in bilateral trade.

According to Itamaraty, Setubal reviewed and approved the text of the document, despite the fact that he is now in Europe on his way to India. The document marks Setubal's "first victory in the challenge he has taken up, that is, the promotion of relations between Brazil and its neighboring countries."

Itamaraty pointed out that, pursuant to his objective, Setubal chose Argentina as the first country to which he would pay an official visit. He went to Buenos Aires in May and during his stay there and later upon returning to Brazil, he personally tried to remove all the obstacles hindering Argentine-Brazilian relations. At his request, on 30 May, President Jose Sarney summoned the ministers of the economic area to discuss the matter. These efforts paved the way for the agreement reached last week because, according to Itamaraty, Argentina displayed the same willingness. In effect, the Argentine minister of industry and commerce, himself -- and not a Foreign Ministry official, as it may have been expected -- came to Brasilia to review the final details of the agreement.

According to Itamaraty, the next step will be to promote relations with Uruguay. This process will begin with President Sarney's visit to that country in August. Sarney will not be accompanied by a "planeload of merry businessmen," as was done in the past, without practical results. He will be accompanied by government officials with power to promote bilateral relations.

The text of the Telex sent by Itamaraty was not released. Its main topics are the following: Brazil will buy 1,375,000 tons of wheat between October 1985 and July 1986; Brazil will buy oil and oil by-products; the special bilateral coordination committee will be reactivated; Brazil and Argentina will lift all the measures restricting their bilateral trade and will not impose any new restrictions; the maritime transportation agreement negotiated at the end of 1984 will be signed; the two nations will not impose any restrictions on tourism between the countries; the Partial Agreement No 1, signed within the framework of the Latin American Integration Association, will be extended until 31 December 1985; and negotiations will begin on a new agreeement (this involves some 600 items in which Brazilian industry is interested).

MINISTRY HAS 'RESERVATIONS' ON LIMA DECLARATION

PY311247 Santiago Domestic Service in Spanish 1730 GMT 30 Jul 85

[Text] Foreign Minister Jaime del Valle is returning from Lima this afternoon after attending the presidential inauguration of Peruvian President Alan Garcia. But before his departure, the Chilean Government released a very important declaration in the Peruvian capital.

The declaration says that the Chilean Government has reservations about Paragraph 9 of the Lima Declaration because it does not condemn all the extracontinental interference in hemispheric affairs, such as in the case of the Soviet Union. In Paragraph 9, the signatory countries of the Lima Declaration expressed concern over the presence of an extraregional power in the Malvinas Islands and the installation of British military bases in that territory.

In this regard, Foreign Minister Jaime del Valle this morning released a public communique in Lima. Del Valle, who is returning to Santiago this afternoon, held a long meeting with the new Peruvian president, Alan Garcia. This was their second meeting in 2 days. With regard to the talks and the Lima Declaration, we have a special report from Lima.

[Begin report] The meeting Chilean Foreign Minister Jaime del Valle held with Alan Garcia last night in the presidential palace lasted 40 minutes, delaying all the scheduled official activities of the Peruvian president. It has been reported that the Peruvian president showed special interest in discussing current and future relations with Chile. Del Valle delivered a personal letter to Alan Garcia from President Pinochet. The Chilean foreign minister said the talks were very positive and that very important points were openly discussed, including disarmament and the solution of the pending points in the 1929 treaty. President Alan Garcia indicated that he plans to have very good relations with Chile and that the contacts between the two governments will be intensified.

Before concluding his visit to Lima, the Chilean foreign minister released the following public declaration:

Chile, faithful to Panamericanism, expressed its solidary support with the agreement reached in the Lima Declaration, which has a general spirit shared and supported by Chile because it conveys the hopes of the Latin American people. However, I would like to express reservations over the contents of Paragraph 9, because it does not condemn all the extracontinental interference in hemispheric affairs, such as the ideological interference of the Soviet Union, which represents a real threat to regional peace and stability.

This is the declaration Foreign Minister del Valle delivered at the conclusion of his visit to Lima. The Chilean foreign minister ended his official visit today, and he will be arriving in Santiago around 1730. He will immediately go to La Moneda Palace to brief President Pinochet on the outcome of his talks with the new Peruvian officials and other Latin American political figures who came to Lima.

The new Peruvian authorities have declared bank holidays for 30 and 31 July and prohibited transactions in foreign currencies. It has been reported that the authorities were afraid that people might run to the banks for dollars following the economic announcements made on 28 July by the new American Revolutionary Popular Alliance government.

This has been a report from Radio Nacional in Lima. [end report]

MATTHEI PRAISES PERUVIAN DISARMAMENT POLICY

PY311906 Santiago Domestic Service in Spanish 1730 GMT 31 Jul 85

[Text] Government junta member General Fernando Matthei has said that the disarmament policy adopted by the new Peruvian Government is excellent. Gen Matthei said Chile is far behind its neighboring countries in the purchase of arms.

[Begin recording, in progress] ...excellent. We have followed a very prudent policy in the purchase of arms and we have been far outdistanced by our neighbors. Therefore, we are very satisfied with that policy. [end recording]

Gen Matthei made these remarks during a ceremony at which the Air Force received two Pillan planes built by the National Aeronautics Enterprise. The ceremony was also attended by Defense Minister Patricio Carvajal. The first two Pillan planes will replace the old Air Force training equipment.

FACH CHIEF ON POLITICAL, ECONOMIC AFFAIRS

PY311451 Santiago EL MERCURIO in Spanish 21 Jul 85 pp A 1, A 12

[By Gabriel Gonzalez Segovia]

[Text] General Fernando Matthei, member of the government junta and commander in chief of the Chilean Air Force [FACh] has granted an exclusive interview to EL MERCURIO. Speaking about the economic situation in Chile, Matthei stated his conviction that "the government has been in control of the situation for a long time now, the economy is developing, and there are better days ahead." He added that economically speaking, the country has suffered a serious setback in connection with the prices of export goods, "which have fallen incredibly," as in the case of fruit and fishmeal. The same thing happened with the copper prices. He indicated that these are concrete factors which cannot be neglected because they have an effect on plans and development. Matthei said that in the meantime imports have increased in price and interest rates are very high.

"Nobody could have foreseen this situation and it caught us completely by surprise just as it caught by surprise all the other countries in the world, hurting most Latin American countries, which are currently pursuing their own industrialization. This makes them even more vulnerable than countries whose development is a stage below ours," Matthei stated. He added that "the situation inflicted a more severe blow on Chile than on other less developed countries and on ones that are more advanced because we have not yet attained the appropriate stage of development."

Matthei said political parties are important and necessary and that in a democratic system "as we conceive it, nothing can take the place of political parties." "They are absolutely necessary and legitimate and they must exist. Otherwise, how could a country be ruled and power attained? How could the citizens get to know to what group a given person belongs, to what program that person is committed, on what grounds one person should be chosen over another? Only political parties can give us these kinds of guarantees." General Matthei discussed this subject when pointing out the significance of the constitutional law for the organization of political parties that the government junta is currently studying. He indicated that this law must preserve political groups from the drawbacks to which they were subject in the past. Thus "it is very important for an appropriate law to correct these blemishes," in order to make these groups more meaningful than they have been in the past. "If we say that we want a democracy, this democracy must come from within the party itself," Matthei said.

He also stated that he can see clearly the future of the country and that the transition period has already been outlined. "The deadlines have been set forth in the Constitution, approved by all Chileans, and we have sworn to respect them. All this is crystal clear."

General Matthei indicated that he is not prepared to "make it easier" for the banned Communist Party to obtain "legal status" because among other things, this group believes in the dictatorship of the proletariat and also because once it seizes power it seeks to stage an irreversible revolution. He categorically stated that a group based on Communist Party principles cannot be part of a democratic system. "If at any given moment, they momentarily gain the majority while participating freely in a democratic process, they seize power and they never let it go other than through violent means, as happened in September 1973," Matthei said. He added: "Only a fool can believe nowadays that the Communist Party will respect democracy. It will make believe that it is doing so while it is a small group and until it can seize power. Once it seizes power, even as part of a coalition, it will try to establish an absolute hold on power and never let it go." The commander in chief of the Air Force said: "I respect the communists who know what they want, but I despise the fools who refuse to see this because that is indeed incredible. After everything that we have seen, ever since it started in the Soviet Union and up to now in Nicaragua, how can anyone believe in good faith that this wolf in sheep's clothing can be allowed into the flock? As far as I am concerned there is no excuse for it."

Concerning the criticisms against the NASA proposal to enlarge the Mataveri Airport landing strip on Easter Island, Matthei said that "there have been a lot of foolish statements" in view of which the Chilean Air Force will not go to any forum to discuss this plan to give support for an eventual emergency landing of U.S. space shuttles. "We want to strengthen Chile's sovereignty over the Pacific. Naturally, nothing can be more idiotic than to say that Chile's sovereignty is in jeopardy or that the NASA proposal could affect it." He indicated: "When we talk about extending the existing runway by 50 meters and improving air navigation facilities so as to facilitate contacts with that zone, we are talking about increased sovereignty over it. By taking a look at the agreements proposed by the United States, one can see that there has never been any question of establishing a civilian, military, or any other kind of base but merely of making certain facilities available for any future emergency landing of the space shuttle."

Visibly cross, Matthei said that lately "a lot of nonsense has been said about this and there is no point in sitting down and arguing." Matthei added: "Therefore, we would never attend a forum, since there is no point in arguing with ignorant people that make such "off the cuff" comments that they give one the shivers. They know nothing about the issue, probably have never visited the island, and they know nothing about the space shuttles." He termed the criticism of the NASA plan "capricious commentaries by those who are deeply bothered by the fact that the U.S. Government has engaged in negotiations with the Chilean Government."

Matthei went on to say that "the United States bothers some because they prefer the Russians, and there are others who are bothered by the fact that the United States shows confidence in Chile, because they do not want any demonstration of this sort. These are the things that bother some people." General Matthei added that to maintain that the expansion of the Mataveri Airport has something to do with an alleged "star wars" is "more nonsense because there will never be a military base there. Therefore, who would dream of putting an atomic bomb on a landing strip in the middle of the Pacific Ocean that has no military importance? I am amazed by all the things that have been said."

The Air Force commander said that the institution is currently developing a reorganization program that "seeks to reduce the FACh's operational expenditures, and at the same time increase its efficiency." This plan basically involves the reprogramming of equipment and work programs. "We want a more modern and efficient, but not larger, Air Force," he said, justifying this stance by the fact that Chile does not support the arms race.

"Chile, as a nation, believes that it does not need and does not want to engage in an arms race with anyone. We and the president of the Republic are fully aware of this."

Matthei added that "the FACh by no means seeks to engage in an arms race" and that "its efficiency is not measured by that of a neighbor or by any other guideline except its ability to fulfill its mission in a modern and efficient way, especially so it may be a very important factor in any change in power that may take place. Therefore, it acts as a dissuasive power that will make anyone think twice who, at some given point, intends to attack our country."

Matthei added that it has never been Chile's intention to create uncertainty among its neighbors regarding the country's power. "We have complemented this attitude not only regarding our equipment but also with our rapprochement policy with the remaining air forces of the continent in order to show that our doors are wide open."

Matthei referred to the Air Force's modernization and efficiency program by stating that old aircraft, expensive and inefficient to maintain as far as spare parts and fuel are concerned, are being replaced by more modern and economical aircraft. He added that they are trying to cushion the expense of this program by using as much Chilean labor as possible and by only developing the profitable initiatives. In this regard, he referred to the plan to build the Bolkow-105 helicopter in Chile because this helicopter meets the needs for the Air Force's missions and because it is the type of helicopter currently used by Carabinero forces. He added that this helicopter, the first unit of which will be ready for the 1986 International Aviation Fair, will meet the needs of the FACh and other sectors, even the civilian sectors.

After pointing out that the FACh will only acquire material abroad on rare occasions, Matthei said that the modernization program will be carried out through the National Aeronautics Enterprise.

Matthei asserted that "it has been proven that all the measures adopted against Chile, such as the embargo of arms sales, have only served to encourage us and develop our capacity to become self-sufficient."

The Air Force commander added that for the time being, there are no plans to purchase aircraft and that only the co-production of the CASA C-101 Halcon aircraft and the Bolkow helicopter to replace similar aircraft with many years of service will continue. Regarding the Pillan aircraft which he designed, Matthei asserted that "it is the best military aircraft for primary training purposes in the world. There is no doubt about this. Moreover, it is the cheapest of its kind. This was clearly proven at the Le Bourget fair. It has no equal in the international market as far as quality, capacity, and price is concerned." Matthei added that "the aircraft has made a good impression abroad but this does not mean we have a list a mile long of clients placing orders for it. We are aware that it is an aircraft with a great future, that it will generate important sales and that, above all, it has no equal."

FINANCE MINISTER ADDRESSES INTERNATIONAL BANKERS

PY311637 Santiago EL MERCURIO in Spanish 21 Jul 85 pp B 1, 2

[Excerpts of speech by Finance Minister Hernan Buchi presented "repeatedly" at bankers' meetings in Tokyo, Bahrain, Zurich, London, and Frankfurt -- dates not given]

[Text] I am glad to be here today. On 27 June, we successfully completed negotiations with the Committee of Twelve Banks in New York. So we are thankful to be able to share this positive development with you today.

Let me say that the negotiations with the Committee of Twelve Banks were hard and long. It took us 4 months to reach the agreement. The problem certainly was not lack of cooperation, because we have always received favorable answers from our creditor banks. Above all, we feel that our sustained and serious efforts to make the necessary economic adjustments in order to responsibly meet our financial obligations have been amply recognized by you. I believe that the long negotiations were partly due to the numerous problems that had to be resolved. As on previous occasions, we had to make sure we would obtain a sufficient quantity of fresh resources. Furthermore, we had to work out a satisfactory restructuring agreement which, this time, included a review of the terms and conditions on contracts that had already been signed, especially of those that resulted from the 1983 negotiations.

But what gave the recent negotiations a special tone was the recognition that the unfavorable conditions Chile is experiencing today are lasting longer than we expected. You have perhaps noticed, through the information we provided to you, that our financial projections are now based on much less optimistic suppositions. This has required us to make a complete review of the economic and financial programs we presented to the international bankers in previous negotiations.

That, in the context of our negotiations with the Committee of Twelve Banks, demanded that we convincingly argue that the Chilean economy will be successfully managed through the difficulties of the coming years and that it will be able to show a solid financial position over the medium term. For this purpose, we have closely worked with the IMF and the World Bank. These multilateral financial organizations have come forth with a significant amount of fresh resources for the next 3 years. They have also played an important role in designing the economic and financial programs we are submitting for the consideration of the international banking community. Moreover, the program of expanded facilities from the IMF and the structural adjustment with the World Bank will entail a close working relationship with these two institutions, at least until the end of 1987.

Our creditors can rest assured that despite the less favorable economic circumstances we envision for the medium term, we are determined to confront the problems head on. This is the road we have followed in the past and the one we intend to follow in the future. The sharp devaluation of the Chilean peso since September 1984 and the package of measures which includes a uniform customs fee reduction to 20 percent to promote exports announced late in June are examples of ways the Chilean Government is confronting the challenges ahead.

Our current policy is based on a strategy that looks 10 years ahead so that we may successfully meet the challenge we confront, that is, how to simultaneously attain a reasonable rate of economic growth and a reasonable balance of our external accounts. We have no doubt that all our efforts in the predictable future will be aimed at achieving a rapid and sustained increase in export revenues along with effective import substitution.

We are confident that our efforts will be successful for many reasons. As you know, Chile has a well-endowed and diversified base of natural resources, including the variety and wealth of its mineral deposits, its abundance of sea resources, its rapid expansion of forest activities, and its favorable agricultural climate, among other things. On top of this, our country possesses a skilled labor force, and a capable and professional entrepreneurial sector.

Equally as important as the generous endowment of resources is the country's will to decidedly face up to its difficulties.

Let me say that the Chilean economy is one of the most affected by the recent world recession. We had to face a strong decline in the price of our main export product, which is copper, and a substantial increase in payment of interest on our foreign debt. The international economic slump contributed to a 15-percent drop in the level of per capita production over the 1982-84 period.

As a result of this, we had a dramatic jump in unemployment, a considerable number of bankruptcies of private enterprises, and liquidation or intervention of several private banks and financial institutions. Today, the worst of the economic crisis is behind us. We have lived through a painful but necessary period of adjustment. The economy should continue its recovery this year, although at a slower pace. The most recent figures attest to a 3-percent increase of the gross domestic product in the first quarter of this year compared with the same period last year.

Additional deterioration of our terms of trade in 1984 and even in 1985 make it advisable to keep our economic growth at a moderate level. We are now expecting a real expansion of 2 to 4 percent for the entire current year.

The worst-than-expected performance in the price of our exports other than copper will restrict our trade surplus to less than the projected $1.04 billion. The deficit in the current account of our balance of payments, however, will be equal to or slightly less than the $1.38 billion projected in the financial program you know about. This will be possible despite the smaller trade surplus, thanks to a less-than-expected deficit in the financial service account. On one hand, the interest payments will be less in the wake of the recent negotiations with foreign banks and recent interest rate reductions in the international market. On the other hand, unexpected revenues from foreign reinsurance operations on damages caused by the March earthquake will improve our position.

In sum, during 1985 Chile has been growing at a moderate rate, keeping up with the original program of the balance of payments. During the first two quarters of this year, the Chilean economy easily fulfilled the monetary, fiscal, and international reserve goals agreed on with the IMF under the expanded facility program.

COURT UPHOLDS DECISION TO DISQUALIFY SEGUEL

PY010246 Santiago Domestic Service in Spanish 2300 GMT 31 Jul 85

[Text] The Supreme Court has made a conclusive decision on the future of Rodolfo Seguel. The country's highest court has definitely decided that Seguel must be dismissed from the Copper Corporation [Codelco]; therefore he has been disqualified as a union leader.

With this emphatic decision the Supreme Court rejected an appeal made by Rodolfo Seguel's defense. This decision upheld a previous decision made by the same court that called for Seguel's dismissal from the El Teniente division of Codelco; therefore, in the eyes of the law, Seguel has lost his position as union leader and representative.

The decision was made unanimously by all the members of the court: Jose Maria Eizaguirre, Israel Borquez, Carlos Letelier, and the lawyers Sergio (de Ferrari) and (Roman Damec).

PRC STATE COUNCILLOR BEGINS OFFICIAL VISIT

PY311830 Santiago Domestic Service in Spanish 1100 GMT 31 Jul 85

[Text] PRC State Councillor Kang Shien has begun his first official visit to our country. The visitor has met with Interior Minister Ricardo Garcia at the ministerial office in La Moneda Palace. Shien greeted the minister [words indistinct] several matters of bilateral interest. Shien was accompanied by (Wang Chuchang), counselor of the American and Oceanic Affairs Department of the PRC Ministry of Foreign Affairs, and by ministry officials (Zhang Zhayu) and (Zhao Wangyou). The meeting was very cordial and positive. During his stay in Chile, the visitor will meet high-ranking government officials from [words indistinct] and private sector representatives.

NEW LIBERALISM SELECTS PRESIDENTIAL CANDIDATE

PA311632 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 31 Jul 85

[Text] Bogota -- New Liberalism has asserted that it is a fundamental, inseparable part of the Liberal Party [PL] but has fully supported the proposal made by its leader, Senator Luis Carlos Galan, to form a supraparty movement. Three Galanista leaders -- Senator Marino Renjifo Salcedo and Representatives (Emilio Alcuri Nasser) and Ernesto Suarez Rueda -- did not agree with the idea of forming part of a coalition with forces alien to Liberalism.

Following 10 and 1/2 hours of debates, a caucus of New Liberalism legislators ended by accepting the supraparty movement, acclaiming Galan Sarmiento as presidential candidate, and announcing that the congress to be held over the weekend in Bogota will adopt a decision regarding relations between that political [word indistinct] and the Betancur administration.

The Galanista caucus repudiated the attitude of the PL and the Conservative Party regarding the composition of the congressional boards and warned that the exclusion of those sectors [not further identified] involved not only a violation of the Constitution, but an infringement upon the principles of democratic opening and political pluralism which are being preached daily. Reasserting its decision to run in the presidential elections with a candidate of its own, the group said in a communique that New Liberalism feels that Galan is the country's only democratic option for real change.

M-19 CONFIRMS 'BORIS' WOUNDED, NAVARRO IN CUBA

PA311903 Paris AFP in Spanish 1542 GMT 31 Jul 85

[Text] Bogota, 31 Jul (AFP) -- The M-19 [19 April Movement] has admitted that Commander "Boris" of the leftists Colombian guerrilla organization was wounded in a clash with the Army in the southwestern Colombian department of Valle del Cauca. An M-19 spokesman said that Gustavo Arias Londono, alias "Boris," was shot in the leg in a clash with a military patrol after attacking two peasant towns. "Boris" leads one of the most active M-19 columns operating in southwestern Colombia. During the past month its men have been intently pursued by the Army.

"Boris' wound is one of some concern, but it is not serious," the M-19 spokesman said. He also admitted that Antonio Navarro Wolff, the ideologist of the armed group, had traveled from Mexico to Cuba. "Boris," 33 years old, is a member of the M-19's high command. Navarro Wolff had been in Mexico since 23 June recovering from wounds he suffered in a dynamite attack in Cali, 500 km from Bogota.

Nevertheless, the source said that Navarro Wolff traveled to Havana on his own, denying that Navarro Wolff received an "invitation" from the Mexican Government to leave its territory.

ARMY, POLICE BATTLE M-19 IN CAUCA, ANTIOQUIA

Both Sides Sustain Casualties

PA291945 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 29 Jul 85

[Text] Cali -- Fourteen insurgents, an Army officer, and a National Police agent were killed last weekend in clashes between the M-19 [19 April Movement] and Army troops. Fighting intensified yesterday in La Tulia, Tulua jurisdiction, and in Cauca. Ten subversives belonging to a nearly 200-member column, apparently led by attorney Gustavo Arias, alias "Boris," of the M-19 were killed.

This subversive group attacked Naranjal and Primavera in Bolivar Municipality on Saturday. Military forces killed four of them there. Colombia and Rifles Battalion troops strengthened their encirclement of subversives and established their operations center in Trujillo, on the western mountain range.

On the part of the constitutional Armed Forces, Rifles Battalion Offices Lieutenant Carlos Roberto Villalobos was killed. Police agent Carlos Alvarado Rincon and six other wounded soldiers were admitted to the Roldanillo Regional Hospital, Valle del Cauca Department.

Area peasants claim that the M-19's Boris was wounded in combat. It was reported that fleeing subversives crossed a place known as [name indistinct] and headed for Choco Department. Meanwhile, reinforcements arrived from Cali, Palmira, and Buga to help pursue the M-19 members who have promoted bloody clashes such as the ones in Genova and Quindio.

Police Repel Attack

PA301547 Bogota Television Service in Spanish 0000 GMT 30 Jul 85

[Text] There has been another heroic action by the National Police. Eight policemen repelled an M-19 [19 April Movement] guerrilla attack in Balboa, Cauca Department. For more than 2 hours they repelled the incursion and prevented the guerrillas from seizing the town. One guerrilla was killed and two policemen were wounded. In general, it was another violent weekend. M-19 guerrillas clashed with the Army in Valle del Cauca and Antioquia Departments.

On Tuesday, 11 June, we provided preliminary figures on the number of deaths among the Army and guerrillas in Cauca, Valle del Cauca, and Choco Departments. At that time, the number of casualties was 101. Now, in a single area of northwestern Valle del Cauca 20 guerrillas have been killed since Saturday. After the simultaneous attacks on La Primavera and El Naranjal near Bolivar municipality in which 2 policemen and (?20) guerrillas were killed, clashes have spread to La Tulia and Betania near Las Garrapatas canyon on the border between Choco and Valle del Cauca. By this afternoon, 20 guerrillas had been killed. Three of them have already been identified. They are apparently members of the insurgent group led by attorney Gustavo Arias, alias Boris. Six soldiers and one policeman have been wounded. Lieutenant Carlos Roberto Villalobos of the Rifles Battalion was killed. In the past few hours it was reported that the guerrilla group that is fleeing toward Choco was surrounded in an area of the Cordillera Occidental.

URUGUAYAN PRESIDENT, FOREIGN MINISTER BEGIN VISIT

Sanguinetti Addresses Congress

PA310359 Quito Radio Quito in Spanish 2300 GMT 30 Jul 85

[Excerpts] The president of the Ecuadoran Congress, Raul Baca Carbo, invited the 71 legislators of the country to a special session held this afternoon at 1700 hours to receive Uruguayan President Julio Maria Sanguinetti.

Uruguayan President Sanguinetti thanked the president of the Ecuadoran Congress for his welcome and then addressed the country in an improvised speech in which he said he was proud to address the Ecuadoran people through its Congress. President Sanguinetti was given a warm ovation by the representatives of the Ecuadoran people in Congress. Sanguinetti's presence here has motivated many legislators to voice their faith in democracy.

[Begin Sanguinetti recording] I would say that it is not a matter now of paying or not paying, because that is not what Latin America is discussing. We are assuming our commitments as we have done from the time of our independence. What we want are the proper conditions so we can meet our commitments. We want to have the possibility of developing, of developing our trade. [words indistinct]

We have to face the large organizations of the world, but we must also surpass our problems. Uruguay is represented today in this Congress. We buy 60 percent of the petroleum we need from abroad. Why? Because there are interests, trade relations [words indistinct] Uruguay purchases its petroleum here, and we are sharing [words indistinct]. Ecuador and Uruguay have had good relations, and we want to find ways to improve trade. Some changes are needed. [words indistinct] We must find the path so we can improve our trade relations, to see if we can have activities that will justify the path of integration. [end recording]

Foreign Minister on Debt

PA311623 Quito Voz de los Andes in Spanish 1130 GMT 31 Jul 85

[Text] In order to renegotiate the foreign debt there must be firm and decisive action by Latin America, Uruguayan Foreign Minister Enrique Iglesias said. He is accompanying the Uruguayan president on his official visit to Ecuador.

[Begin recording] [Iglesias -- in progress] ...where there was a reaffirmation of the need to act jointly in view of the problems that concern all of us and where it was specifically decided to convoke a meeting of foreign and economy ministers that will be preceded by a technical meeting in August. In that meeting, we also decided to continue the talks with the EEC that we began 2 months ago. I attended those talks with the (?Dominican) foreign minister and delegations of various governments. We will now intensify that political dialogue with the EEC. We have stressed that it is necessary -- more than ever -- that our countries act collectively to improve the conditions in which international negotiations are taking place.

[Question] In other words, basic premises were established so that Latin American integration will become a reality?

[Iglesias] We basically established and reiterated the essential principle that inspired the action of the 11 countries that are the largest debtors in Latin America: that the topic of the debt -- without detriment to the fact that it must be bilaterally dealt with and that each country has to resolve this problem in accordance with its view -- also requires a firm, decisive, collective action. I think that now more than ever, as our president said, this is a real grave situation because raw material prices not only remain low but they continue to decrease. In recent months, we have lost between 5 and 10 percent on the average prices of raw materials in Latin America. These developments make it difficult for us to meet our foreign commitments. This is a fact. Perhaps it has taken a long time to reach this point but it is now a very grave situation. Therefore, all of this leads us to act jointly and to begin to tell the international community that Latin America has aid and continues to state that it will pay and that it wants to pay, but that it wants to pay by growing and developing and not only on the basis of a permanent, persistent recession. It is as simple as that.

[Question] (?Will you go) to the Havana meeting where this topic is also being analyzed?

[Iglesias] I will go in the measure that the meeting helps to clarify the topic, to hold a responsible discussion, and achieve an understanding of the topic. It will contribute if it helps the general public to fully understand a topic that is very complex and deep, and that therefore requires a dialogue among all the sectors involved in this field in order to examine it in an understanding way. [end recording]

TERAN RETURNS FROM PERUVIAN INAUGURATION

PA311653 Quito Voz de los Andes in Spanish 1130 GMT 31 Jul 85

[Text] Ecuadoran Foreign Minister Edgar Teran has said that his presence at the inauguration of President Alan Garcia will result in better relations between the two peoples. In brief remarks on his return from Peru, Teran said that in Lima he did not discuss the border problem with the Peruvian authorities. He said that they did discuss several bilateral issues and the foreign debt. As will be recalled, Foreign Minister Teran headed the Ecuadoran delegation that was appointed by President Febres Cordero to attend the new Peruvian president's inauguration. Commenting on the visit to Ecuador by Uruguayan President Julio Maria Sanguinetti, Teran said that it will achieve specific bilateral results.

FINANCE MINISTER COMMENTS ON DEBT RENEGOTIATION

PA311845 Quito Voz de los Andes in Spanish 1130 GMT 31 Jul 85

[Text] Finance and Public Credit Minister Francisco Swett has said that with the renegotiation of the foreign debt, a process that will conclude on 14 August, Ecuador will have to use only 30 percent of its exports for payment of the high debt. Before the renegotiation of this debt of more than $4.6 billion, payment required 60 percent of its exports.

During an address yesterday at the Army's War Academy, Minister Swett said that the government hopes to compensate for the loss from the drop in crude prices in the international market with an increase in tax revenues. Each $1 drop results in a reduction of approximately 3.3 to 3.5 billion sucres a year. However, this situation will be offset by revenues from the income tax and taxes on business transactions that to date amount to 7.5 billion sucres. The customs revenues also show a great improvement, so the general state budget will not be affected, he stressed. This means that the national development projects the government is carrying out will not be suspended, because the government is aware of the dangers involved in halting these projects, he said.

OIL PRICE CUT TO CONFORM TO OPEC AGREEMENT

PA310029 Paris AFP in Spanish 1845 GMT 30 Jul 85

[Text] Quito, 30 Jul (AFP) -- Gionavi Rosania, energy and mines undersecretary, reported today in Quito that Ecuador has fixed the price of its oil on long term contracts at $26.15 a barrel. The 35-cent cut results from Ecuador's compliance with the price structure set by the latest OPEC conference, where it was agreed to cut the price of light crude by 35 cents and heavy crude by 50 cents.

Due to the quality of Ecuador's oil and its geographical location, the price of Ecuador's oil was fixed at $26.15 a barrel. According to official reports, Ecuador has increased its daily production by 4,000 barrels in order to compensate for the reduction in the price of oil.

It was also agreed to stop selling oil on the spot market and to call for bids to sell between 24,000 and 36,000 barrels daily on long term contracts because the U.S. companies Apex and Transworld Oil have failed to ship 12,000 barrels each since June and their contracts have been cancelled. Ecuador's export volume is 146,000 barrels after deducting domestic consumption from its current production volume of 287,000 barrels and adding the extra 4,000 barrels.

Minister Explains Price System

PA311634 Quito Voz de los Andes in Spanish 1130 GMT 31 Jul 85

[Text] Ecuador will have a new petroleum price system with a differentiation between the official price and the billing price, Energy and Mines Minister Xavier Espinosa announced. The official explained that the real price of the Ecuadoran crude will be determined by two things: the OPEC price and the international market price of petroleum similar in quality to that of 29 degrees API [American Petroleum Institute] from the Middle East. Although he denied that the price of the Ecuadoran petroleum will float in accordance with the market fluctuations, Espinosa said that it will be a combination of the price set by the OPEC and the real prices. The price will be determined on the basis of a mathematical formula.

DOLLAR BLACK MARKETERS ROUNDED UP BY POLICE

PY311930 Lima Cadena Panamericana Television in Spanish 0300 GMT 31 Jul 85

[Text] As a consequence of the suspension of banking operations, street dollar vendors on Giron and Ocona Streets have been intervened and many of them have been arrested for questioning as to the origin of the currency. The busy Giron and Ocona Streets, known as the Wall Street of Lima, is now empty of street dollar vendors, to the public's surprise. According to information obtained, dozens of them have been arrested in the wake of a surprise operation carried out by the police. Thousands of dollars have been taken from the arrested street vendors.

BARRANTES, 39 POLITICIANS DEPART FOR HAVANA

PY310001 Madrid EFE in Spanish 1651 GMT 30 Jul 85

[Text] Lima, 30 Jul (EFE) -- Today, Alfonso Barrantes, president of the Marxist United Left [IU] and mayor of Lima, stated that in Havana he will propose the need for a moratorium on the payment of the foreign debt of Latin American countries. This is a position which his party defends. Barrantes left for Havana with 39 other Peruvian politicians of the conservative parties Popular Action and the Popular Christian Party, both of which were defeated in the 14 April elections. Also included is the social democratic American Revolutionary Popular Alliance [APRA], which today is a government party. The Peruvian politicians will attend the foreign debt conference called by Cuban President Fidel Castro. The conference begins today in Havana. Barrantes stated that he will support the current government of Peru as long as there are agreements with APRA. He added that the president must adopt a strong and energetic position with the IMF. Barrantes expressed disagreement with Alan Garcia regarding the proposal for a summit conference of Latin American presidents to be held in Panama. He said that only democratic governments elected by the people should be called to such a meeting, not dictatorial governments.

Former Bolivian President Jaime Paz Zamora also left for Havana. Paz Zamora stated that a transfer of power similar to that staged in Peru will also take place in Bolivia on 6 August, and that democracy will prevail.

BORDER QUESTIONS DISCUSSED WITH ECUADOR

PY231927 Paris AFP in Spanish 0230 GMT 23 Jul 85

[Text] Lima, 22 Jul (AFP) -- The Peruvian Foreign Ministry reported today that representatives of the Peruvian and Ecuadoran Governments met at their common border on 15, 16, and 17 July to assess the consequences of the deviation of borderline rivers. The Peruvian delegation was presided over by Ambassador Juan Garland Combe, Foreign Ministry director for national sovereignty, and the Ecuadoran by Ambassador Miguel Vasco, general director for national sovereignty of his country, the source reported. It added that the discussions were harmonious, in accordance with the neighborly and friendly relations between our country and Ecuador. The Peruvian Foreign Ministry remarked that the talks were held in border towns and that the appropriate dispositions will be adopted after the situation has been evaluated. The rivers in question are the Zarumilla and the Calvas-Macara. The Zarumilla marks the border in the zone closest to the Pacific Ocean. The Calvas and the Macara form the border between the two countries from the headwaters of the Chira River to Nudo de Sabandillas in the Andes region.

TALKS WITH SHELL ON CURACAO REFINERY SUSPENDED

PA310429 Caracas Television Service in Spanish 0000 GMT 31 Jul 85

[Text] In view of the intransigence of the Shell Corporation -- which has raised obstacles in the way of a definitive solution for the problem of the Curacao refinery -- the Venezuelan Government announced today that talks with the oil enterprise have been suspended and that contacts will continue with the Netherlands and the Netherlands Antilles.

The formal announcement was made today at the Foreign Ministry after a meeting between Foreign Minister Simon Alberto Consalvi and Deputy Energy and Mines Minister Hernan Anzola. Not in a solemn manner, yet clearly and explicitly, it was said during the meeting that Venezuela will not continue its talks with the Shell enterprise because this corporation's unacceptable and incompatible terms openly clash with Venezuela's interests. Consalvi stressed emphatically: We ceased to think about Shell several hours ago.

The foreign minister, however, said that he thinks -- and these are his words -- an agreement with the Netherlands Antilles and the Netherlands Governments will be reached. He added: Venezuela wants the refinery to continue in operation.

Deputy Minister Anzola gave technical explanations and spoke about recent talks with the involved parties. He made comments on the agreement in principle with Netherlands Prime Minister Ruud Lubbers during the latter's visit and hinted -- he gave no details, because they are still confidential -- at the new proposal presented by Venezuela for a solution to the Curacao refinery problem. In sum, he supported Consalvi's stance. Venezuela's proposal seeks to cooperate with the people of the Netherland Antilles by not supporting another organization, such as Shell, in this particular case.

Confirming previous statements, Anzola pledged to produce a sufficient volume of crude oil. Something remains clear, however. Shell's aspirations will be frustrated. Venezuela stands firm and no compromises of any type will occur.

In Petroleos de Venezuela, several technical meetings were held today with the participation of head office authorities and Anzola to try to find definitive solutions to the problem caused by the Curacao oil refinery.

LEGISLATORS APPROVE CONGRESSIONAL REFORM

PA311940 Caracas Television Service in Spanish 1600 GMT 31 Jul 85

[Text] The congressional reform approved last night at a joint session of the legislative chambers will go into effect in October. The reform, which is now an internal law, will create a parliament functioning and creating laws more effectively.

The most outstanding aspect of this parliamentary reform responds to an atmosphere of institutional delays in legislation and control of the public agenda, which is a congressional duty by constitutional mandate.

The various political parties represented in Congress agreed to divide the reform into five large areas: developing services in support of Congress; restructuring parliamentary procedures; strengthening national public administration controls; reorganizing administrative structures; and modernizing installations.

With this reform Congress ended a period of sessions characterized by political debates and the reactivation of all of its work commissions. During the final sessions five additional credits were approved in the amount of 264,305,000 Bolivares. Next Wednesday, 7 August, a commission formed by 23 parliamentarians, deputies, and senators will be installed. They will hold sessions until 7 October.

REPORT VIEWS DRUG PROBLEM IN ZULIA REGION

PA310414 Caracas Television Network in Spanish 0000 GMT 30 Jul 85

[Text] To speak of the drug problem in the Zulia region is to fit it into the national and international framework. Again and again, the existence of a whole international network that possesses sophisticated resources has been confirmed. For instance, the international cocaine route includes cultivation, processing, and trafficking in which countries like Bolivia, Colombia, Peru, and Venezuela play an important role. Our correspondent Berta Gomez has preapred a special report on the business of drugs.

[Begin recording] [Gomez] As a result, Venezuela is the gate to South America, that is to say, the necessary port of entry for the product and the springboard to the Caribbean and Central American countries, as well as North America. Although some important marijuana and coca plantations have been found in Venezuela -- particularly at the border with Colombia -- fortunately we still cannot classify it as a drug-producing country. This, however, does not make the problem less serious. Apart from affecting the health of future generations as of now, it is evident that the drug traffic also affects Venezuela's security and sovereignty. It is worth mentioning that Venezuela shares borders with three South American countries, yet we are particularly vulnerable at the border with Colombia because our Zulia Department includes 760 km of intricate, uninhabited territory, most of which is open. This makes it extremely easy to plant marijuana and coca and to move it toward other Venezuelan states and the world. General Julio Santos Corredor Ruiz, chief of the National Guard's regional command 3 which has jurisdication in Zulia State, discusses this situation.

[Corredor] Our chief problem at the regional command is that the border territory is enormous. We experience difficulties in trying to plug up the region.

[Gomez] To cope with the drug problem in Zulia is not easy at all. In addition to the border area -- through which drugs easily enter the nation, both by air and by land -- we have to consider access by water through Maracaibo Lake and several rivers that cross the border from Colombia and flow into our largest water reservoir. Of course, the activities which are intelligently organized and planned by the international network of drug traffickers must be attacked by the two nations, Venezuela and Colombia, in a joint effort, and particularly through a genuine integration of the Venezuelan security organizations. In our special segment tomorrow, we will present the second part of this report on the National Guard's specific ations in Zulia to cope with the drug problem. [end recording]

DE LA MADRID SEEKS TO SPEED UP DECENTRALIZATION

FL311606 Mexico City NOTIMEX in Spanish 2345 GMT 30 Jul 85

[Excerpt] Mexico City, 30 Jul (NOTIMEX) -- Mexican President Miguel de la Madrid has called on all sectors of the country to strengthen and speed up the decentralization process of national affairs, and said this is not a utopia and should not be seen in purely economic terms either. The head of state underscored that decentralization was not only a presidential campaign promise, or an exclusive proposal of the government. It is a very important national need, he said.

Opening the Sixth Congress of the National Board of Economists, the president asserted that this is a task which will be carried out only if different sectors put their enthusiasm, talent, and work into it. He said, if we want more democracy in Mexico we have to decentralize national affairs. He acknowledged this is the responsibility of the federal, state, and municipal government but it also needs the participation of the Mexican people.

De la Madrid stressed the still excessive concentration of national affairs in certain areas of the country, especially in the Federal District, and the great dispersion of the population in over 100,000 locations, make it difficult to offer equal job opportunities and provide services which social justice demands.

COMPTROLLER GENERAL ANNOUNCES BUDGET CUTS

FL311519 Mexico City NOTIMEX in Spanish 1430 GMT 31 Jul 85

[Excerpts] Mexico City, 31 Jul (NOTIMEX) -- The Secretariat of the Comptroller General has announced that it will make an annual budget reduction amounting to 1,657,500,000 pesos ($4,735,714), which represents 23.3 percent of its 1985 budget.

In an official communique, the Comptroller General indicated that in addition to the budget cuts, it is cancelling three general directorates, 100 percent of advisers positions, 30 percent of advisers to higher offices, and 10 percent of the secretariat's total payroll. The Comptroller General added that in all, 25 percent of the general directorates are being eliminated, without affecting its auditing and evaluation tasks of the federal administration.

Finally, it indicated that the 1,657,500,000 pesos reduction, which represents 23.3 percent of the budget, and previous cuts together represent a total of 33.2 percent of the 1985 budget.

SEMIP SECRETARY ASSERTS OIL MARKET STABILIZATION

FL302312 Mexico City NOTIMEX in Spanish 2235 GMT 30 Jul 85

[Text] Mexico City, 30 Jul (NOTIMEX) -- Francisco Labastida Ochoa, secretary of Energy, Mines, and Parastate Industry (SEMIP), asserted today that traditional clients of the Mexican oil industry now have confidence in the price structure and that the industry is beginning to stabilize.

During an interview moments before the inauguration of the sixth National Congress of Economists, the SEMIP secretary said the buyers in the country's international market have reacted favorably to the adjustments recently made in Mexican oil prices.

He stressed that during July sales recovered to a level of 1.46 million daily barrels, and added that this demonstrates that there is an ongoing process of stabilization in the oil industry that, even though slow, is shaping up very firmly and, as a result, even the prices in the spot markets are on the rise. He reiterated that OPEC's International Oil Price Committee has recommended maintaining the July prices through August.

Finally, the official said it is possible that the oil market will stabilize and, in the medium term, will recover to attain the levels which will make an adequate development possible for the benefit of producing and consumer countries.

BANK OF MEXICO SETS NEW FOREIGN EXCHANGE SYSTEM

PA311913 Mexico City XEW Television Network in Spanish 1300 GMT 31 Jul 85

[Text] The Bank of Mexico announced that effective Monday, 5 August, the controlled foreign exchange rate adjustments will be determined by a system called regulated flotation [flotacion regulada].

Meetings will be held at the Bank of Mexico each day the banks operate with the participation of representatives from credit institutions and the Bank of Mexico. The purpose of the meetings will be to gather information on the supply and demand of foreign exchange in the controlled market and, based on this information, to establish what will be called the balanced foreign exchange rate [tipo de cambio controlado de equilibrio] During those meetings, the Bank of Mexico will either buy or sell foreign currency in order to prevent abrupt fluctuations in the foreign exchange market.

Those who must sell foreign exchange at the controlled exchange rate, as well as those entitled to purchase it at this rate will choose between carrying out their operations at the balanced foreign exchange rate, or at the rate agreed upon with the credit institutions, which will be called the window foreign exchange rate [tipo de cambio controlado de ventanilla].

Those interested in buying or selling foreign exchange at the balanced foreign exchange rate may either carry out these operations in a firm or conditional way. Firm operations will be those cases in which the interested person agrees to accept whatever balanced foreign exchange rate is announced on a specific date. The conditional operations are those cases in which the transactions are carried out under the condition that the balanced foreign exchange rate must be the one indicated by the interested person.

ARDITO BARLETTA SEEKS LATIN AMERICAN SUMMIT

PA010046 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Jul 85 p 1

[Article by Hermes Sucre Serrano]

[Text] Panamanian President Dr Nicolas Ardito Barletta, said yesterday on his arrival in the country that Panama is prepared to host a summit meeting to strengthen Latin American democracy if the other Latin American rulers reach a joint decision on the matter.

Ardito Barletta, who returned to the country last night after attending the inauguration of Peruvian President Alan Garcia Perez, said that the proposal to hold a Latin American presidential summit "is very positive" because it would make it possible to resolve matters related to the integral development of peoples. "We would then go to Washington to negotiate with the proper cooperation to resolve our problems," he added.

The Panamanian president was met on his arrival by Vice Presidents Eric Arturo Delvalle and Roderick Esquivel, cabinet members, and other government officials. He arrived at the Panamanian Air Force terminal accompanied by a small group who had traveled with him to witness the transition to democracy in Peru. The Honorable Legislator Tomas Gabriel Altamirano Duque and Foreign Minister Jorge Abadia formed part of the official delegation that accompanied the president.

The president cautioned that a meeting of this magnitude would need to be carefully planned because this type of event generates many expectations among our peoples. "We have to prepare ourselves well, with a well-thought-out agenda and with concrete agreements," the president said. Ardito Barletta recommended that before a decision is made, the presidential event be preceded by a meeting of foreign ministers and other state ministers who would plan the agenda for the presidents' consideration.

Ardito Barletta, the first president elected by popular vote in 16 years, said Panama is honored at having been chosen by the Peruvian president as the site of this meeting, but it will require a commitment by all the Latin American presidents. Dr Ardito Barletta took advantage of his trip to Peru to meet with Presidents Salvador Jorge Blanco from the Dominican Republic; Belisario Betancur from Colombia; Julio Maria Sanguinetti from Uruguay; Raul Alfonsin from Argentina; Alan Garcia from Peru, and Hernan Siles Zuazo from Bolivia with the intention of exchanging ideas and seeking support and reciprocal cooperation mechanisms to solve the continent's economic, political, and social problems.

Ardito Barletta said in a press conference at the Panamanian Air Force terminal that Panama would be an ideal place for a summit meeting because of its experience with this type of event, since it hosted the Amphictyonic Congress in the last century, which was convoked by the Liberator Simon Bolivar, and the meeting of presidents in 1957.

The president said that he talked with the other presidents in Peru about the search for support mechanisms for the Contadora Group peace process. "A support bloc for the Group's peace initiative is forming in South America," the president said. He added that the difficulties should be overcome by the countries' own efforts, the cooperation of the American countries, and the support of industrialized nations and international banks.

Ardito Barletta's offer of Panama as the venue of a regional summit for the formation of a Latin American front was welcomed by the presidents at the meeting in Peru.

COSTA RICA

MONGE RULES OUT PROPOSED TALKS WITH NICARGUA

PA311311 Panama City ACAN in Spanish 1149 GMT 31 Jul 85

[By Juan Ramon Rojas]

[Text] San Jose, 30 Jul (ACAN-EFE) -- Costa Rican President Luis Alberto Monge today ruled out any possibility of holding bilateral talks with Nicaragua as proposed by the Contadora Group last week. "There can't be a dialogue," the Costa Rican president told ACAN-EFE. He asked: "What are we going to talk about?" Monge added: "At this moment, can you imagine what kind of dialogue can be held between Nicaragua and us after Friday's events?"

On Friday, 26 July, four push and pull planes of the Sandinist Air Force (FAS) entered 10 km into Costa Rica's territory at the Barra del Colorado area and dropped 500-lb bombs. One of the bombs exploded only 75 meters from a Civil Police post, the police authorities charged.

In a brief talk with newsmen Monge said that Costa Rica is facing one of the "thousand difficult moments in its relations with Nicaragua, except that this one has occurred a few weeks after the OAS Permanent Council "refused to approve even a moral sanction against Nicaragua." On 11 July, the OAS Permanent Council "repudiated" an ambush against a police patrol on 31 May in which two civil guardsmen died and nine others were wounded. The OAS position on the matter caused displeasure among the Costa Rican authorities because it did not "hold the Sandinist government responsible" as they had requested. Because of this stand, Monge described the OAS as "weak and fearful." Monge noted that as a "symbol of the serious" crisis the inter-American organization is undergoing, "this organization has prepared itself to defend Nicaragua against what that country (Nicaragua) denounces as U.S. aggressions."

The Costa Rican president was questioned about the possibility of asking some friendly countries to provide weapons because of unofficial reports that circulated there today. In this regard, Monge said that he could not make any announcement because "this will be decided within the next few days along with many other things which, if made public, would be tantamount to betraying Costa Rica."

When questioned about the possibility of withdrawing the personnel of the Costa Rican Embassy in Nicaragua, Monge Alvarez answered that "it would not be advisable for our country's interests to announce what we plan to do." "What I can indeed state, as we have verified it, is that we have been the victims of a new aggression (on Friday) by the Nicaraguan Government," Monge added.

GOVERNMENT REACTS TO NICARAGUA 'AGGRESSIVENESS'

PA311956 San Jose Radio Impacto in Spanish 1830 GMT 31 Jul 85

[Report by Gretel Tinoco]

[Text] The Council of Government has made a number of decisions with regard to the tense situation on the northern border with Nicaragua. According to Information and Communications Minister Armando Vargas, the spokesman for the council of government, Costa Rica will respond with severity and in every area to the aggressiveness the Sandinist regime has shown in recent days.

Here is a communique issued by the Council of Government on this situation after receiving extensive briefings and details from the members of the Security Council with regard to the Sandinist Air Force aggression on Friday.

[Begin Vargas recording] The president of the Republic reported to the members of the Council of Government several decisions he has made to respond firmly and vigorously to the aggressive policy the Nicaraguan Government has been conducting with impunity against Costa Rica. Each decision adopted today will be made known officially to the country as it is implemented in the next few hours and days.

The Council of Government instructed the public security minister to redouble preparations and strengthen police detachments on the border with Nicaragua in order to repel any attempt at armed violation, defend the territorial integrity, and guarantee the citizens' peace. The Council of Government decided that, in view of the gravity of the events and the escalation of propaganda by the Nicaraguan Government, all information on the delicate situation provoked by Sandinism's aggressive policy against Costa Rica will be released daily by the Presidency of the Republic. Those in charge of the news media are urged to report only confirmed facts.

As of this date, the Security Council will meet only under the personal leadership of the president of the Republic.

The government of the Republic assures Costa Ricans that it will respond with full severity and in any terrain to Sandinism's aggressive policy against Costa Rica and that it will use every means to guarantee the territorial integrity, the perpetual neutrality, and the peace of Costa Rica. [end recording]

Although the information and communications minister did not disclose any specific measures adopted by the Council of Government, he indicated that all decisions have been made at the highest level. In other words, the government will be adopting the specific measures, and they will be announced as they are adopted. He said that the government has not wanted to reveal anything in advance in order to avoid speculation.

He also rejected Sandinist Commander Daniel Ortega's allegations that the United States has been pressuring Costa Rica to break relations with Nicaragua. The information minister said that those are propaganda lies of the Sandinist regime.

All reports about the problem with Nicaragua have been concentrated in the presidential house. The information minister said that the decisions made by the Council of Government regarding the Nicaraguan Government's constant aggressions against Costa Rica will be made known in the next few hours.

GUTIERREZ DISCUSSES OAS RESOLUTION, NICARAGUA

PA311530 San Jose RUMBO CENTROAMERICANO (RUMBO EN COSTA RICA supplement) in Spanish 25-31 Jul 85 pp 1-3

[Interview with Foreign Minister Carlos Jose Gutierrez by an unidentified RUMBO CENTROAMERICANO reporter -- date, place not given]

[Excerpt] [Question] There is practically generalized discontent over the OAS resolution. Even President Luis Alberto Monge said that the country should understand that with this resolution we are alone in the diplomatic field. In the future, should we take this fact into consideration and consider we have few allies?

[Answer] I think that President Luis Alberto Monge's idea was to put things in the most simple, direct terms that one can expect. To say that we are alone is perhaps to dramatize it a bit.

If one wants to speak precisely, we would have to say that we do not have two-thirds of the OAS members supporting our condemnation of Nicaragua. I feel that would be the exact appraisal. I understand the stance by President Monge who, within his great political abilities and capabilities for communication, wanted to phrase it in a way that would explain the problem more directly.

To understand why we do not have the two-thirds to condemn Nicaragua at the OAS we must take into consideration a series of factors that burden the Latin American countries, including the ideas many of them have about the Central American problem, which narrows down to the U.S. intervention against Nicaragua.

[Question] Do you believe that the Mexican Government is greatly responsible for the idea some countries have about the Central American problem?

[Answer] No. I believe Mexico is responsible for supporting Nicaragua, but it is not just Mexico that has done this. I would put it this way: Mexico is friendlier toward Nicaragua than toward Costa Rica, but I do not consider that nation our enemy. However, Mexico feels that one of its international policy duties is to defend or support Nicaragua, as it has been doing in a constant, reiterated manner. This does not mean that it is doing that because it is Costa Rica's enemy, but because it feels it should support the Sandinist government as it supported Cuba in 1962 when the OAS punished Cuba. Besides, there is the influence of the Mexican tradition of supporting revolutionary governments and its desire to have an open policy toward leftist regimes that will prevent the establishment of guerrilla forces on its soil. However, I do not think it has the specific purpose of harassing Costa Rica.

[Question] Then, how can one trust the Contadora Group?

[Answer] The position of the other three countries that form the Contadora Group is the opposite. I think they are more our friends than they are Nicaragua's; we have sufficient evidence that we can trust them. One must recall that the report by the OAS investigation commission was completely favorable to Costa Rica and that it was prepared by the four member countries of the Contadora Group. That shows that we can trust them.

[Question] In spite of Mexico?

[Answer] In spite of Mexico. Mexico signed the report, the conclusions blame Nicaragua, and all of Costa Rica understood it that way.

[Question] But the OAS Permanent Council did not understand it that way.

[Answer] Well, the OAS did not deny the report. In its considerations it included all of the conclusions, and in its resolutions, it rejected the proven events. In other words, it rejected them and expressed its solidarity with Costa Rica. The only thing that was not done was to condemn the aggressor, but it was clearly established in the resolution which actions the OAS rejected.

[Question] It has been said that the OAS is in a state of crisis. Wouldn't it have been better to maintain the original position and provoke the "commotion" necessary for that organization?

[Answer] What could I have done, attack the countries that were not going to vote in our favor? Among those nations there might have been the five or six votes that we needed to achieve two-thirds at the OAS Permanent Council. And so it continues. What we cannot do is 'break the card.' How could one create a commotion at the OAS? By creating resentments? It would be worse in the future for those trying to obtain two-thirds at the OAS.

I feel, and I do not know if I am being a pessimist or a realist, that Nicaraguan attacks against Costa Rica are going to continue. Every time I hear a Nicaraguan official speaking of his friendship toward Costa Rica, I wonder when the next attack will take place. When new violations take place, we will have to go to the OAS. What could we do if I, or whoever replaces me, decides to "create a commotion" at the OAS and therefore create a lot of resentment among other countries?"

[Question] Pardon my insistence, but does that mean that we must endure further aggressions by Nicaragua?

[Answer] We would like to have cordial relations with the Nicaraguan Government, but the fact is that since 1982 Costa Rica has had to endure aggressions by the Sandinist regime. Every time their leaders have expressed a willingness to make some arrangements and demonstrate their affection toward us, this expression has been followed by an aggression. If they changed I would be most satisfied, but I see no possibilities of that.

[Question] Has your government taken any precautionary steps in this regard?

[Answer] As foreign minister, my actions should demonstrate that I am aware of and sure that the aggressions are going to continue. We have continued to take precautions, and we believe that we must improve them because we have no other alternative. Guatemalan President Oscar Mejia Victores said a few days ago that Central America can coexist with a Marxist regime in Nicaragua. I can say that the Costa Ricans have made every effort to maintain at least cordial relations with Nicaragua, but we have only received constant aggressions from that regime. Therefore, having made the effort to fulfill the principle or postulate referred to by General Mejia Victores, we have not been able to achieve improved relations although it is through no fault of ours, but due to the Nicaraguan Government's haughty, aggressive attitude.

[Question] Does this mean that it is not possible to coexist with a Marxist regime in Nicaragua?

[Answer] To avoid outright statements, let us say that the Costa Ricans have tried and have not been able to. We do not know if General Mejia Victores will be able to.

[Question] Do you not believe that attitudes such as this and changes such as those expected in Peru will make Costa Rica's position increasingly difficult?

[Ansser] I do not think so because one of the phenomena that must be taken into account is that Latin America has changed enormously due to democratization efforts in which there certainly has been a mistaken view, that of anti-Yankeeism. Many of the parties that attain power nowadays as a result of that experience see the United States as the friend of right-wing dictatorships. I believe that this feeling has a raison d'etre because historically this has been the case; however, at the present time it is not. To the extent to which we perceive that the policies of the two large U.S. parties, the Democratic and the Republican, support democracy, and as long as the United States materializes this support by attending to these people's most serious problems, which is the foreign debt, then they will abandon this attitude.

To the extent that the Nicaraguan process continues its present direction, and I see no effort to change, it will be very clear to Latin American democrats that this is not a revolution like the Mexican revolution, but the installation of a Marxist-Leninist regime. Therefore the general perception of the Central American problem will change, temporary support for Nicaragua will cease, and it will be clear that what is happening on the isthmus is not a revolution of that type but the creation of a second Cuba.

[Question] What would happen then?

[Answer] There will be a more serious attitude and the need to ask the OAS to demand fulfillment of the commitments undertaken by the Junta of the Government of National Reconstruction at the 17th Consultative Assembly in 1979. As a consequence the question will be: Why is it that that which committed itself to becoming a democracy has turned into a dictatorship? The necessary sanctions will be adopted against that regime.

[Question] Do you not think it is too late for that?

[Answer] It is never too late. The people will not come to an end today or tomorrow. We have required a great deal of time for Latin America to have a majority of democracies. Not one democratic regime is excessive, but all dictatorships need to be changed.

EL SALVADOR

GEN BLANDON SUMMARIZES MILITARY ACTIVITIES

PA010246 San Salvador Radio Cadena YSU in Spanish 1800 GMT 31 Jul 85

[Press conference by General Adolfo Oneciforo Blandon, chairman of the Joint Chiefs of Staff, at the Armed Forces Joint Staff headquarters in San Salvador on 31 July -- recorded]

[Text] [Blandon] I will now summarize for you the military activities throughout the country during the first 6 months of 1985. According to the military plan prepared at the beginning of the year, the joint staff, in coordination with the various brigade commanders, would evaluate the results of our operations at the end of 6 months. We would then determine the changes necessary for the continuation of this military plan from now until December. I will use some slides to make the explanations a little clearer.

So far we have carried out 54 operations of intermediate duration, and 16 minor ones. Also, we carried out 12 armed reconnaissance operations, and 7 airborne operations. [passage indistinct] These operations depend mainly on surprise, initiative, and intelligence, and have yielded very good results. As you know, it was during one of these operations that terrorist Nidia Diaz was captured in San Vicente. We dispatched 27,632 patrols throughout the national territory and carried out 4,897 ambushes. These two types of operations, patrols and ambushese, involve security organizations, the Air Force, the new Navy, and the Army.

During this period, we carried out two national operations. The objective of the freedom plan was to guarantee the election of mayors and deputies. The joint staff had planned on having 90 percent of all munipalities participate in the elections. As you know, we attained that goal and 97.5 percent of all municipalities participated. The Anamoros municipality did not participate because of some problems in the Central Electoral Council, not because of the absence of Armed Forces members.

The purpose of the Sentry Plan was to carry out interdiction operations on the terrorists' logistic internal and external supply routes. This operation, which lasted about 27 days, was a complete success. A large quantity of ammunition and arms was seized, particularly by the 1st, 4th, and 5th Brigades. The 4th Brigade seized combat support armament from terrorists at Plan del Horno. A considerable quantity of food and medicine was confiscated in Guazapa, San Salvador Department. The 4th Brigade also dismantled two field hospitals in San Vicente. Other field hospitals were dismantled in San Bartolo and San Vito and a large quantity of medicine was taken.

During all these operations, the Salvadoran Armed Forces suffered the following casualties: 211 killed in action, 567 wounded, and 22 missing in action. On this map you can see the areas in which we operated during the first 6 months of the year. Our units covered most of the national territory, thus demonstrating great initiative and the ability to maintain a permanent and overall offensive throughout the national territory. We covered Chalatenango, Santa Ana, Sonsonate, Ahuachapan, La Libertad, Cuscatlan and the area of Guazapa, San Vicente, El Volcan, San Bartolo, San Vito, Cerros de San Pedro, the lower part of the Lempa River mouth, Montecristo Island, Jucuaran, the area where most of the coffee is produced in Usulutan Department, Santiago de Maria, Chinameca, San Buenaventura and all the area [words indistinct] in San Miguel, Morazan, and La Union Departments. We also carried out operations along the inter-American and coastal highways in La Union Department. The operations we described before took place in all of these areas.

What have been the results of these operations for the enemy? During the period, military authorities have on record 1,540 captured. As you will remember, about 2 years ago there were accusations made abroad that our Armed Forces do not take prisoners, lack human feelings, do not respect human rights, and only defend the interests of 14 families. All this was reported about us abroad. Now you see that we have taken 1,540 prisoners and killed 784 in action. According to our records, 455 of the rebels are missing in action. This is only an estimate because we cannot determine the exact number of subversives wounded during a clash. The rebels try to conceal the true number of dead and wounded so as not to lower their combatants' morale. Nevertheless, the figure we cited on the number of those killed in action has been confirmed by the various units. During the same 6-month period, 456 terrorists showed up at the various units. This figure includes terrorists who surrendered with and without weapons and part of [words indistinct] of the subversive groups.

It is extremely important for the Armed Forces to note that not one soldier defected with his weapon to the terrorists during 1984 and so far during 1985. Some have been captured and some are still missing, but even those who were later captured fought down to their last round of ammunition. At no time has any soldier turned himself over to the terrorists with his weapon, as happened during a critical period in October and November 1983. In this graph, you can see the figures on those who surrendered to us in more detail. The yellow part indicates, month by month, the number of terrorists who surrendered with their weapons. For instance, 11 rebels surrendered in January with their weapons. The blue part indicates combatants who surrendered without their weapons. These are 30. [passage indistinct] Green denotes the total of the three previous colors, that is, 83.

In February, four guerrillas with weapons, 16 combatants, and 32 civilians turned themselves in for a total of 48 [as heard]. In March, six armed men, 28 combatants, and 40 civilians turned themselves in for a total of 68 [as heard]. To make this summary shorter, this is the overall result. A total of 456 showed up at our units. Of these, 57 came with their weapons, 164 were combatants, and 292 were civilians [as heard].

The following information is very important. We have also experienced a propaganda campaign according to which the Armed Forces are the main source of weapons and ammunition for the terrorists. Here you can see statistically the number of weapons we have lost and those seized or recovered from the enemy. We have classified these weapons in three categories: weapons turned over, meaning armed terrorists who have surrendered to our units, 56. This is further broken down into M-16, G-3, FAL, and AR-15 rifles, as well as all the others. Recovered means weapons seized from the Armed Forces in the first place and then recovered from the enemy. The figure indicates the number of weapons lost in combat during clashes and later recovered by the Armed Forces. These weapons total 273. Weapons captured are those weapons not in our inventories, but which entered our territory, most likely from Nicaragua and Cuba, such as the AR-7, FAL rifles, Soviet-made grenades, and so forth. The figure for this type is 728.

We have experienced the following losses: 166 weapons lost and 74 destroyed in combat, totaling 230 weapons lost during this period. On this chart broken down by months, we try to explain a little better how these losses occurred. The green indicates losses experienced by the enemy. The red indicates the Armed Forces' losses during the same period. Based on this analysis, the joint staff met last week with other brigade commanders and reached the following conclusions [words indistinct] results of the Armed Forces' operations between 1 January and 30 June 1985. The Armed Forces have achieved the objectives set forth in the military plan for this period. In some cases, these objectives have been surpassed. Military operations in all areas of the country have been greatly increased. The following results have been attained: We have maintained a military initiative throughout the national territory; areas of rebel resistance have been eliminated as such; terrorists have been forced to keep on the move, thus hampering their concentration, training, reorganization, ideological indoctrination, and logistics; a large quantity of weapons, foodstuff, and medicines has been seized; and permanent camps, field hospitals, training camps, and ideological indoctrination schools, both permanent and semipermanent, have been dismantled.

Considering the number of rebel casualties, including dead, wounded, and those taken prisoner, [words indistinct], it has been estimated that their number has decreased considerably compared to the end of 1983 and the end of June 1985. According to our statistics, there were anywhere between 11,000 and 12,000 armed terrorists in the national territory in 1983, while there are between 6,000 and 6,500 estimated here now. The military has won the civilians' confidence and smypathy. This is due not only to the Armed Forces' purely military stance but also to the Armed Forces' determined support for the democratic process and the government's efforts to achieve peace through other means.

Also, the Armed Forces have made efforts to fight the death squads, regardless of their leanings. The squads of previous years have been almost entirely eliminated. We have been confronting the terrorist squads, such as the one that carried out the savage action in the Zona Rosa.

In view of the Armed Forces' permanent offensive, the terrorists have scattered in small groups, evading combat with our men. This affects their communications and logistics. During this period, a large quantity of important documents was seized. This has delayed the terrorists' important plans. Also, we have detained important terrorists such as Luis Castellanos, Nidia Diaz, and Commanders Jose and English. We consider this to be the severest blow dealt to the subversives. The military situation is tipped in our favor for the following reasons: the Armed Forces's high degree of professionalism, ability, and efficiency, acknowledged both here and abroad; the Armed Forces' unity of action and mobility; the results obtained by the Armed Forces, the terrorists' demoralization, confusion, and reduction in numbers; and the civilians' support. This is what I could mention to you. We have taken some other measures, but I am not allowed to discuss them for military reasons. This will be the end of this report. I will now answer your questions, provided I am able.

[Unidentified questioner] [Question indistinct]

[Blandon] [passage indistinct] Psychological operations began in February 1984. For this, we had to restructure the joint staff and turned the [word indistinct] department, which was formerly a national intelligence organization, into one exclusively for psychological operations. Regarding the civic-military actions, this is perhaps one of our weaknesses because we have not had the necessary resources for a genuine activity. [end recording]

FMLN REPORTS ON ACTIONS IN MORAZAN, USULUTAN

PA311912 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 31 Jul 85

[Text] Here are military reports. According to the first report, guerrilla units have inflicted four casualties in the Sociedad area, Morazan Department. The report states that on Wednesday a geurrilla unit ambushed three Army trucks transporting troops from Sociedad to Cacopera, inflicting four casualties among soldiers of the Lenca Battalion.

Attention, pay close attention. Here is a military report from the Cacahuatique area. Pay close attention, here is a report from Cacahuatique Volcano. FMLN guerrilla units have damaged an Armed Forces helicopter in the Cacahuatique area and inflicted casualties on the dictatorship during clashes near Yamabal. Here is the report. On the afternoon of 30 July guerrilla units of the FMLN's Rafael Arce Zablah Brigade [BRAZ] inflicted two casualties among soldiers of the Lenca Battalion during a clash. Moreover, our revolutionary fire damaged a U.S.-made helicopter which was aiding the Lenca Battalion soldiers in an area north of Yamabal, on Cacahuatique Hill. We repeat: During this action the dictatorship troops sustained two casualties, and a U.S.-made helicopter which was aiding the Lenca Battalion soldiers was damaged in an area north of Yamabal.

Here are more military reports. On 29 July there was an attack against 6th Infantry Brigade troops. The report states that on the afternoon of 29 July a BRAZ guerrilla unit attacked 6th Infantry Brigade troops on the coastal highway near (Selpasata) Canton, Usulutan Department. The enemy sustained one casualty.

Here is another military report from the Guazapa Volcano, from the Modesto Ramirez Central Front. At 1130 on Saturday, 27 July, guerrilla units of the FMLN's Rafael Aguinada Carranza Battalion surprised a company of Military Detachment No 5 which was coming from (Pena Colorada) to Calle Nueva, and heavy fighting ensued. This is the report we have just received from heroic Guazapa volcano.

Radio Venceremos has just received more military reports. This report comes from the Jucuaran Zone, Usulutan Department. On Monday guerrilla units of the BRAZ Commander Gonzalo Southern Group inflicted two casualties, using revolutionary mines, among units of the Treasury Police's so-called Libertadores Battalion. Two more casualties were inflicted in the Jucuaran zone. What puppet Army in the world can withstand the kind of attrition the Duarte army is experiencing?

Action in San Miguel

PA010318 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 1 Aug 85

[Text] We are receiving military reports from various parts of the country. The first report is from the zone of Sesori, San Miguel Department, indicating that at 1430 on 30 July, guerrilla units of the Rafael Arce Zablah Brigade [BRAZ] Northern Group, clashed with Ponce Battalion troops near the village of El Tizate, Sesori municipality, San Miguel Department. As a result of this clash, we inflicted two casualties on the puppet Army, one dead and one wounded. No casualties were reported on our side.

Now, from the heroic Cacahuatique Volcano, we are receiving the final report on the clashes sustained in the zone of Yamabal, on 30 July, when guerrilla units of the FMLN attacked Lenca Battalion troops. According to final reports, in this clash we inflicted six casualties on the Lenca Battalion and we also damaged a helicopter of the dictatorship's Air Force.

Reports from the coastal highway indicate that at 1100 on 31 July, guerrilla units of the BRAZ Commander Gonzalo Southern Group attacked an enemy unit of the 6th Infantry Brigade, on the coastal highway, near El Coyolito Bridge. In this attack we wounded two enemy soldiers.

GUATEMALA

14 PARTIES MEET ELECTION REGISTRATION DEADLINE

PA312351 Guatemala City Radio Television Guatemala in Spanish 0300 GMT 31 Jul 85

[Excerpt] A total of 14 political parties were legally registered for the 3 November elections, as the deadline for the registration of political parties expires today. Of the 14 parties, 11 have nominated their presidential candidates. However, the actual number of presidential candidates are eight so far, because some parties have formed coalitions to support one candidate.

Following are the names of the parties and presidential candidates that are running alone: the Nationalist Authentic Central, presidential candiate Mario David Garcia; the Union of the National Center, Jorge Carpio Nicolle; Democratic Socialist Party, Mario Solorzano Martinez; and the National Renovating Party, Alejandro Maldonado Aguirre.

The following three candidates have been nominated by a coalition of parties: Jorge Serrano Elias, by the Revolutionary Party and the Democratic Party of National Cooperation; Mario Sandoval Alarcon by the National Liberation Movement and the People's Democratic Force; and Lionel Sisniega Otero by the Democratic Unification Party and the National Unity Front.

The other two parties which can still nominate candidates, although they have not mentioned any names as yet, are the Emerging Movement of Harmony and the National Integration Party.

The aforementioned parties met all the requisites established by the electoral law to register for the 3 November elections. The other eight political groups did not make it because they were unable to obtain the 4,000 signatures required by the law for registration. The political groups that did not make it are the Democratic Civic Front, the People's Organized Force, the Populist Party, the Guatemalan Democratic Coordinating Board, the United Revolutionary Front, the Democratic Alliance, the New Force and the United Democratic Party.

ARMY SAYS TROOPS AT BORDER TO CONTROL SUBVERSIVES

PA310350 Guatemala City PRENSA LIBRE in Spanish 30 Jul 85 p 2

[Text] The presence of Guatemalan Army soldiers at border posts and other areas along the border with Mexico is part of an Army plan to control subversives. This was said yesterday by Colonel Marco Antonio Castellanos Pacheco, official spokesman for the Guatemalan Army.

Some media have mentioned the presence of soldiers at the Tecan Uman border post and added that these are support forces to neutralize the problems caused by Mexican students who have threatened to occupy the bridge that divides Guatemala and Mexico. This is not true. It is a routine procedure for troops of Military Zone No 18 stationed in San Marcos.

Some reports tell us that subversive groups are crossing into Guatemala at various places. We send reinforcements to those areas every day. However, this is to fulfill the duties of the Army and never to provoke an international conflict, the official spokesman said.

HONDURAS

SANDINIST ARMY OFFICER ON INFILTRATION MISSION

PA310407 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 30 Jul 85

[Excerpts] (Isaura Cecilia Quintanilla), Sandinist People's Army [EPS] officer who worked for the Joint General Staff in Managua and as troop deployment officer for a Battalion for Unconventional Warfare, BLI, came to Honduras to carry out an infiltration mission within the Nicaraguan Democratic Force [FDN] and serve as liaison for a group of guerrillas stationed in the mountains between the Yoro and El Negrito communities, Yoro Department, Honduras.

[Begin (Quintanilla) recording] I was told to meet someone at the park in Yoro who would take me to the other leaders of the movement. But, like many Nicaraguans, first comes my faith in God and my love for my Nicaraguan and Central American brothers and my brothers from any part of the world. I feel that I cannot harm anyone to fulfill the purposes of a corrupt regine with ideals I do not agree with. I cannot harm another person. The situation in Nicaragua is horrible, terribly sad. I do not want the same to happen to any other country in Central America or the world. This is why I decided not to go through with my mission and left Yoro and headed for Tegucigalpa. [end recording]

We asked the young officer (Isaura Cecilia Quintanilla), who did not go through with the mission she was given by the EPS, about her plans to infiltrate the FDN commands allegedly stationed in Honduras. Was an attack to take place? And regarding her contacts with the guerrillas in Yoro Department, was she to supply these groups with weapons and issue plans for attacks?

[Begin recording] Regarding the FDN, I had to look for a contact and find a way to get information and steal documents. I was also told to eliminate the FDN's intelligence leader. Regarding the subversive groups, I was to act as an adviser in the formation of an internal front. I have no information regarding the supply of weapons. Another person is responsible for this. [end recording]

We asked the officer what she has done to protect herself and her family?

[Begin recording] I surrendered to the Honduran immigration authorities. They offered me support and protected me. I have heard nothing about my family and I fear reprisal because I know the Sandinist regime. I have faith in God and hope nothing happens to them. [end recording]

The young officer (Isaura Cecilia Quintanilla), who defected because she was disappointed in the Sandinist regime, has issued a call to the Honduran people not to be misled by the propaganda of an alleged people's revolution in Nicaragua.

PDCH CRITICIZES PAZ BARNICA'S STATEMENTS

PA310500 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 30 Jul 85

[Alfredo Landaverde, president of the Christian Democratic Party of Honduras, interviewed by Miriam Mercado; date and place not given -- recorded]

[Excerpts] [Mercado] As leader of the Christian Democratic Party of Honduras [PDCH], what can you tell us of the charges Foreign Secretary Edgardo Paz Barnica made on Saturday before he left for the Far East that the PDCH is in collusion with the Salvadoran Christian Democratic Party, with Jose Napoleon Duarte, so that the border issue between the two countries will not be settled?

[Landaverde] The truth is that by making those statements the foreign secretary behaved irresponsibly, like someone fond of telling tales. It is truly a disappointment to see such a foreign secretary heading the affairs of the nation.

At the 15th plenum of the PDCH, a request was made by the representatives regarding the departments bordering with El Salvador. They want the government to become more deeply and seriously involved in the matter of the defense of the nation's interests, the defense of the nation's border. They want something to be done about defense. In their document there seems to be a criticism of the way that the foreign secretary has handled this matter but this does not mean that the PDCH is siding with the Salvadoran Government. The PDCH has always sided with the Honduran Government.

I think that Foreign Secretary Paz Barnica is used to being in the public eye and speaking well of himself. Now that this patriotic criticism has been made he feels hurt and thinks that the country has also been hurt. Paz Barnica, as a person, has to separate himself from the Honduran state. Paz Barnica is doing much harm to the Honduran state.

[Mercado] Have the representatives for the departments bordering with El Salvador asked the PDCH to express their stance regarding the border issue with El Salvador?

[Landaverde] The PDCH expressed its position regarding the border issue with El Salvador many years ago. In the beginning the party supported the idea of an overall and simultaneous settlement. It later supported the efforts made by the Peruvian Bustamante y Rivero. We have always wanted the best for the country and that is what we said. Foreign Secretary Paz Barnica, echoing gossip and with his conceited ego hurt, has insulted the PDCH and has practically accused the PDCH of treason. He did. He did not say it in those words, but he should have because we would have immediately sued him on the grounds of irresponsibility.

PNH FACTION ASKS TNE TO DECLARE INTERNAL CRISIS

PA311809 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 31 Jul 85

[Excerpts] The internal crisis within the National Party, PNH, continues. The sector supporting Juan Pablo Urrutia presented a document to the National Electoral Tribunal, TNE, yesterday requesting the declaration of an internal conflict within the PNH. Without mentioning names, Ruiz Leiva blamed extraneous sectors for the crisis. David Romero has this report.

[Begin recording] [Romero] Yesterday afternoon PNH members, specifically the members of the directorate led by Juan Pablo Urritia Raudales, presented a new document urging support for a declaration of a conflict within the PNH, as proposed by conventioneer Luis Ruiz Leiva and Corina de Barrios. We asked Ruiz Leiva about the contents of the document.

[Ruiz Leiva] The document we are presenting reflects the position of the PNH National Convention, which was legitimately elected on 28 October 1984. In this document we outline our motives for requesting that the TNE rectify its decision, which was political and not legal.

[Romero] You have insisted that it was a political decision. However, although recent TNE decisions against Melgar Castro and other progovernment authorities could also be considered political decisions, they were not regarded as such. Why?

[Ruiz Leiva] It depends on what the political leaders do. What we are trying to do now is protect the citizens' rights and the country's political order. As you can see, the TNE resolutions have only endorsed the decision of the Supreme Court of Justice, a decision that was not announced within the specified time.

[Romero] The leaders of the PNH Central Committee led by Juan Pablo Urrutia Raudales feel that the internal PNH conflict must be clamed on extraneous intervention, but did not mention anyone specifically.

[Ruiz Leiva] There is a big difference here. It is one thing to solve an internal problem within a party, and another to accept in our country all orders coming from above.

[Romero] Where do the orders come from?

[Ruiz Leiva] You journalists know very well who issues the orders; but we Hondurans must demand respect for our rights in our country, and we are going to demand respect for the law.

EDITORIAL WARNS AGAINST 'PREDATOR' NEIGHBORS

PA010329 Tegucigalpa LA TRIBUNA in Spanish 31 Jul 85 p 5

[Editorial: "Two Strikes of the Picador"]

[Text] The Hondurans are a peaceful and generous people by nature, but those who wait like predators for opportunities to take advantage of our weaknesses and good faith to the detriment of the Honduran sovereignty are at it again.

Honduras is confronting extremely difficult times, both economically and politically. Geopolitics have put us in the eye of a hurricane. The whirlwind of violence is threatening us from both ends.

On the Nicaraguan end, Honduras has been the object of attacks by an openly Marxist-Leninist regime ever since it seized the reigns of power in Nicaragua. Border area Hondurans are harassed almost daily. We have sustained both property damage and human losses in incursions by the Sandinist People's Army in Honduras. The Honduran Armed Forces have been extremely tolerant in an attempt to avert greater evils, in what constitutes not cowardice, but precaution. However, let no one be deceived: A time arrives when the cup runneth over. Tolerance has its limits and we can no longer continue tolerating the Nicaraguan Goverment's provocations and aggressions.

Things are pretty much the same on the Salvadoran end. The Honduran Foreign Secretariat has issued unsettling reports of Salvadoran Army violations of our territory over the past several days. To these the Salvadorans have brazenly responded with charges that we cooperate with the guerrillas which for more than 4 years have been fighting to establish in their country a political regime similar to Nicaragua's.

But the heart of the matter is that behind these absurd charges looms a political strategy with a clearly defined objective: Delay border delimitation by sidestepping direct negotiation. The Salvadorans have been intent on this ever since the signing of the General Peace Treaty in Lima, Peru. Time has continued to tick away and now, with only a few months left before the deadline set for direct negotiation, all indications are that we will have to resort to the International Court of Justice at The Hague to resolve the border problem.

The Honduran Government must be well prepared with irrefutable documents to wage the battle and ensure that our rights prevail. El Salvador's expansionist zeal will not end until we clearly define the common border.

The above considerations should move the Honduran people to deep thought. Domestic divisions can weaken our capacity for struggle. There is an old saying that the bull is no good after two strikes of the picador. Nicaragua and El Salvador, though diametrically opposed in ideology, are identical in their aspirations to conquer. Nicaragua wants to impose in Honduras an antidemocratic and totalitarian political system like their own, and El Salvador continues obsessed with securing more space for its people. A new rendition of the 1969 war during which the Salvadoran hordes razed entire border villages could take place any day.

Because of these and other reasons, the Honduran people must remain united at all costs. Political faction differences must give way to high patriotic ideals that will defend our sovereignty and territorial integrity. We must open our eyes: Personal ambitions must not blind them to the real danger that is threatening our land.

NICARAGUA

PLI PRESIDENT REJECTS CASTRO VIEW ON DEBT

PA312135 Managua Radio Noticias in Spanish 1200 GMT 31 Jul 85

[Text] We will now hear Virgilio Godoy [president of Independent Liberal Party, PLI] commenting on Cuban President Fidel Castro's proposal and on the statement made by Peruvian President Alan Garcia, who has said that he favors the idea of using only 10 percent of the income that the country obtains through its exports to pay the large Peruvian foreign debt. Let us hear Godoy's statement:

[Begin recording] [Godoy] In my opinion, anyone who requests a loan should pay it back; anything to the contrary would be acting irresponsibly. In order for a country not to pay its debt, it would first have to have enough resources to live on without foreign credits for an indefinite and very long period of time. So, between the two basic positions -- to pay or not to pay -- the one with no possibilities is the one proposed by the Cuban president, unless someone offers to give away or continually supply all the necessary resources free of charge. The Pervian president's position is very interesting. Commenting on Peru's situation, he said that he will pay the debt, but that he will not use more than 10 percent of Peru's GNP to honor its commitments. The Peruvian situation is very delicate; so is Nicaragua's, and Bolivia's is even worse.

In any event, the terms to pay this debt need to be renegotiated in order to adjust them to the availability of resources in each country. However, to talk about not paying the debt is to speak irresponsibly. At the same time that he speaks of not paying it, Castro recently renegotiated part of his debt. He is saying one thing while he does another. If you talk about not paying you are saying you will not obtain more loans. All the debtor countries are always asking for more loans from both the multinational financial institutions and private international institutions. This problem is obviously very complex. There is no doubt that the only way out is to find a method of payment compatible with existing resources in each country.

[Unidentified reporter] It is said that one of the factors that has contributed to the huge debt of the poor countries is the unequal trade with the rich countries. How can the poor countries improve this situation?

[Godoy] This is entirely true. There is great inequality between the prices of the industrial products and the raw materials and the agricultural products that the developing countries export to the developed countries. However, the debt is also partly due to the inefficient management of the resources obtained from abroad. [end recording]

NOTE TO COSTA RICA PROTESTS BORDER ATTACK

PA010100 Managua Radio Sandino in Spanish 0000 GMT 1 Aug 85

[Text] Nicaragua has protested to the Costa Rican Government over a new attack by mercenaries at the Nicaraguan Cano Machado border post. This is the Interior Ministry note:

Mr Carlos Jose Gutierrez, Costa Rican foreign minister: I address myself to Your Excellency to report on new attacks on Nicaraguan territory by mercenary groups based in Costa Rica. Between 1530 and 1615 on 29 July, a large group of mercenaries attacked the Nicaraguan Cano Machado border post from Costa Rican territory. The post is located 45 km southeast of El Castillo. The mercenaries used rifle and machinegun fire, as well as RPG-7 rocket launchers. On 30 July La Penca was attacked again during most of the day by mercenaries based in Costa Rican territory. The mercenaries used rifle and mortar fire.

The Nicaraguan Government is again forced to protest to the Costa Rican Government for the repeated attacks, harassment, and provocations on the national territory by mercenary forces based in Costa Rican territory. These events are the main cause of the current difficult situation at the border area between the two countries. This has had very negative repercussions in our relations despite Nicaragua's willingness to preserve and develop friendly ties with the sister nation of Costa Rica. This situation shows the urgent need to initiate bilateral talks agreed upon by the Costa Rican and Nicaraguan presidents with the support of the Contadora Group and France. The talks would establish a security zone along the common border as the most feasible and adequate measure to find an effective and lasting solution to these problems. Nicaragua hereby makes another appeal to the Costa Rican Government not to allow these illegal actions against Nicaragua to continue, and to facilitate the solution of this situation in a constructive spirit. I hereby express to Your Excellency my deepest appreciation.

[Signed] Nora Astorga, acting foreign minister

COMMUNIQUE ON EPS OPERATIONS IN SOUTHER AREAS

PA010205 Managua Radio Sandino in Spanish 0000 GMT 1 Aug 85

[Communique issued by the Defense Ministry's Public and Foreign Relations Directorate; place, date not given]

[Text] The Defense Ministry reports that:

Following the military operations begun by the Sandinist People's Army [EPS] in June throughout the southern area of the country, and during which La Penca was recovered, our troops destroyed some guerrilla redoubts still operating in the area and forced approximately 300 mercenaries to flee into Costa Rican territory.

Within the framework of the military operations of our troops, nine clashes with mercenary groups have been reported. These clashes occurred during July in the areas of Cano la Dania, 18 km east of La Penca; Cano San Francisco, 36.5 km southeast of San Juan del Norte; and (Cano la Dalia) 45 km west-southwest of San Juan del Norte.

On 22 July the Sandinist Air Force sunk an enemy boat in the area of Sarapiqui, 34 km southwest of San Juan del Norte.

On 28 July the mercenaries were forced to flee from the area following an attack by our troops in the area of Cano San Francisco, 36 km southeast of San Juan del Norte. During this clash the EPS recorded 52 weapons that include FAL, AK, (?MKS), and Mauser rifles; 30 Browning, M-60, and (BZ) machineguns; a 57-mm (BKZ) cannon; and 36 Claymore mines.

The EPS troops continue with military operations throughout the area.

DEFENSE MINISTRY REPORTS U.S. 'WARSHIPS' IN AREA

PA010327 Managua Domestic Service in Spanish 0300 GMT 1 Aug 85

[Text] The Defense Ministry reported this afternoon that a nuclear aircraft carrier and five U.S. warships are moving, in a threatening manner, 375 km southeast of Puerto Cabeza, in the Atlantic Ocean. Captain Rosa Pasos, the Defense Ministry's chief of information, said that the U.S. nuclear aircraft carrier is numbered CVN-69 and is called the Eisenhower. The U.S. aircraft carrier is carrying 80-100 planes. Meanwhile, five ships have left the Panama Canal and are headed toward Nicaraguan waters on the Atlantic coast. Among these ships is a nuclear cruiser.

TRIBUNALS CHARGE FORMER LA PRENSA EDITOR

PA010338 Managua Radio Sandino in Spanish 0000 GMT 1 Aug 85

[Text] The Anti-Somozist People's Tribunals today informed former LA PRENSA editor, Luis Manuel Mora Sanchez, of the charges brought against him by the nation's penal court for violating the public order and security law. This is the second time that Mora Sanchez is being tried by the tribunals. Mora Sanchez did not accept or deny the charges brought against him; however, he appointed Enrique Sotelo Borgen as his attorney. (Mauricio Paul Membreno Gaitan) has also been charged with violation of the public order and security law.

TINOCO MEETS CZECHOSLOVAK COUNTERPART IN PRAGUE

LD010021 Prague Domestic Service in Czech 1330 GMT 31 Jul 85

[Text] First Deputy Foreign Affairs Minister Jindrich Rehorek received in Cernin Palace in Prague today Victor Hugo Tinoco, first deputy foreign affairs minister of the Republic of Nicaragua. The Nicaraguan representative is paying a working visit to Czechoslovakia.

FOREIGN DEBT CONFERENCE PROCEEDINGS REPORTED

FL310300 [Editorial Report] Havana Television Service in Spanish at 0000 GMT on 31 July broadcasts live coverage of the Continental Dialogue on the Latin American-Caribbean Foreign Debt under way at Havana's Palace of Conventions. Coverage opens with views of unidentified delegates being seated. An announcer provides background information on the conference. At 0003 GMT, the camera picks up Fidel Castro entering the convention hall; he is greeted with sustained applause. At 0007 GMT, Fidel Castro begins to speak. A text of the speech was published in the Cuba section of the 31 July Latin America DAILY REPORT.

At 0024 GMT, Walter Guevara Arce of Bolivia, Chairman of the first day's session, begins to speak. He describes the Bolivian delegation and his reason for attending the conference and his belief that it provides a genuine opportunity to examine the problem of the Latin American foreign debt. He discusses the background of the present debt situation and says the conference is an attempt to coordinate a solution or response to the problem. He says Latin Americans should begin to study Latin America and its relations with the outside world in order to understand the problem of the foreign debt.

At 0040 GMT, Magdalena Leon de Leal of Columbia begins her address, speaking of the recent progress achieved by Latin American women through international women's meetings. She speaks of female concern over the foreign debt and the scant possibility of national development. She mentions U.S. responsibility for the increase in interest rates and the effects of this increase. She describes the role of women in new industries in which women provide cheap labor. She goes on to describe women's goals in the immediate future.

At 0054 GMT, Freddy Justiniano of Bolivia begins to speak. He describes Bolivian economic policy and the support it receives from Bolivian workers. He says Bolivia cannot pay its foreign debt and that North-South relations must change, but the debt cannot simply be repudiated. He suggests underdeveloped countries should try to renegotiate the debt and conditions of repayment, saying private banks should forgive part of the debt and reduce interest rates.

At 0106 GMT, Rolando Victor Cuadros, Peruvian labor leader, begins speaking. He says his country's greatest problem is the foreien debt, and that this situation is common to many countries. He proposes the cancellation of the foreign debt and the cessation of all relations with the IMF. He blames the foreign debt on Ronald Reagan's economic policies that establish and maintain high interest rates. He says the Peruvian foreign debt cannot be paid, and revenue from all of Peru's 1985 exports cannot pay the interest on its foreign debt in 1985. He calls for all workers to struggle together for economic independence and for the cancellation of or indefinite moratorium on the foreign debt and interest payments.

Luis Corvalan, secretary general of the Chilean Communist Party, speaks at 0118 GMT. He discusses the paradoxes of the Latin American debt, the increase in the debt, and the need for concerted action on the debt. He says there can be agreement within Chile on the nonpayment of the debt.

Alonso Aguilar, Mexican economist, begins speaking at 0129 GMT, saying most Latin American countries are in a crisis and that available financial resources flow toward developed countries, especially toward the United States. He says no Latin American country can pay its debt and presents data to support this position. He examines the effects of nonpayment of the debt, saying the cancellation of the debt would not solve the problem but only alleviate it. He says interest payments in the next 10 years would reach $400 billion, and that the problem is really a political problem that threatens the sovereignty of the Latin American nations.

Aguilar says debt payments hurt the entire Latin American people. He expresses restrained optimism about the solution of the debt problem, provided the struggle is internationalized and seeks a new international economic order.

Colombian labor leader Angelino Garson speaks at 0140. He says the great debt and its interest payments are "unbearable." He rejects the position that the Latin American countries must continue to make debt payments and maintain close, friendly relations with the IMF. He accuses the IMF of being the spokesman of private bankers. He discusses Colombian political and economic problem. He closes by congratulating the delegates for attending the conference and calls for Latin American and Caribbean unity.

Eunice Santana, a Christian minister from Puerto Rico, speaks at 0151. She says Cuba is the most appropriate site for this conference. She speaks of the impossibility of being neutral in the present situation, saying one cannot support the oppressors and the oppressed. She describes the Puerto Rican foreign debt as the highest per capita in all Latin America: $4,000 per citizen. She lashes out at the United States as an imperialist nation that uses the sons of Puerto Rico as cannon fodder in its imperialist adventures. She says the debt is unpayable and uncollectable and urges the delegates to act in time to avoid paying the debt. She speaks of the cruelty, blackmail, and coercion of the United States and calls for unity in the struggle for a new international economic order.

Walter Delgadillo, Bolivian labor leader, speaks at 0205 GMT. He describes labor unrest in Bolivia in 1983, which led to the postponement of debt payments, and subsequent political developments in Bolivia. He speaks of the effect of the foreign debt on Bolivia. He expresses Bolivian solidarity with Father D'Escoto's hunger strike and the Nicaraguan struggle against the United States. The session of the conference ends at 0215 GMT.

Havana Television Service in Spanish at 1311 GMT on 31 July again begins live coverage of the conference.

The first speaker of the day at 1314 GMT is Ambrosia Diaz Estrella from the Dominican Republic. Diaz Estrella thanks Castro for sponsoring the meeting.

At 1317 GMT, Rafael (Turela) from Venezuela is introduced. The Venenzuelan representative briefly outlines the economic situation in other Latin American countries, such as Argentina. He indicates that Venezuela would have to earmark 19 percent of its exports for the payment of the foreign debt, and adds that Venezuela is in a better position than most Latin American countries because it has restructured its foreign debt without having to reach agreement with the IMF. (Turela) calls for significant advances toward a common front and an agreement with industrialized countries for a just solution to the economic crisis without surrendering the countries' wealth.

Fernando Carmona, an economist from Mexico, is introduced at 1329 GMT. Carmona praises Cuba's economic situation, mentioning its CEMA membership. He indicates that everyone would benefit from a new international economic order. Carmona speaks against imperialism and mentions that Mexico's foreign policy is independent and that his country has never conducted military maneuvers with the United States.

At 1345 GMT (Irvin Warden), a Baptist minister from Jamaica, speaks. He says a new international economic order would allow the Third World to control its own natural resources. He indicates that it is imperative to join communists or other democratic movements that can transform the economic structures that dehumanize the people. Warden also indicates that Latin American and Caribbean people should become revolutionaries and liberate the region from all that is bad. He encourages Latin Americans and Caribbean people to fight against imperialism.

The moderator calls for a moment of silence in honor of the late Panamanian leader Omar Torrijos at 1357 GMT.

At 1402 GMT Costa Rican Eduardo Mora Valverde speaks, reviewing the economic history of Latin American and noting the growth of the foreign debt. He says the Costa Rican Government was forced to call a moratorium on the foreign debt and in Noverber 1983 its creditors agreed to it. He concludes at 1411 GMT by addressing Castro directly, saying the foreign debt is indeed not payable.

Jaime Quijano Caballero, university rector from Colombia, speaks at 1412 GMT. He says the foreign debt is a political problem, not simply a technical probelm. He stresses that the debt is unpayable, but that there is still room for negotiation as to the best solution to the problem, postponement or moratorium.

After a recess, former Peruvian Prime Minister Edgardo Mercado Jarrin speaks at 1511 GMT. Mercado Jarrin indicates that IMF policies of adjustment applied to domestic policy cause prices to rise and salaries to drop. He says that IMF policies are not working in Argentina, Brazil and other countries. Mercado lists three possible solutions to the economic crisis: The first is Castro's proposal to cancel the foreign debt and create a new economic order. The second was presented in Henry Kissinger's recent book on constructing a bridge of confidence for Latin America, in which Kissinger indicates that the United States needs to establish a new economic institution. Mercado Jarrin, however, indicates that this would "Taiwanize" Latin America. Finally, he says Peruvian President Alan Garcia's economic policy could be a possible solution. Garcia has said he will maintain a dialogue directly with creditors without involving the IMF.

Alfonso Pellon of Mexico, "president of the Freemasons," speaks at 1537 GMT. Pellon presents proposals seeking cancellation of the foreign debt, saying "letters of intent" required by the IMF be approved by a people's referundum and not just legislatures, urging Latin American governments to protect their economy by establishing a common Latin American market, urging that strict exchange controls and audits be adopted for foreign investments to prevent a country being taken advantage of, saying that unconditional independence be granted to Puerto Rico immediately and that the United States be condemned for using Puerto Rico as a military base, and urging "total respect" be accorded to Nicaragua. Pellon presented Fidel Castro the Freemasonry Medal of Distinction.

At 1548 GMT, Luis Gomez, a legislator from Panama, speaks. Gomez quotes and praises Omar Torrijos Herrera throughout his speech and stresses that the foreign debt should not be paid.

At 1556 GMT the moderator announces the presence of former Jamaican Prime Minister Michael Manley. Manley is shown shaking hands with Castro while the audience stands and applauds.

At 1558 GMT Eleazar Diaz Rangel of Venezuela, president of the Federation of Latin American journalists [FELAP], speaks and voices support for Castro's proposal to conduct negotiations directly with creditors instead of having to go through the IMF. At 1607 GMT, David Wietember from Argentina speaks and calls for a new international economic order. He refers to Cuba as a "positive example" of a country that controls its economy and expresses support for Castro's position on the foregin debt. Clemente Ruiz Duran, an economist from Mexico, speaks at 1621 GMT. Ruiz Duran calls for the establishment of a new international central bank to replace the IMF and World Bank, and outlines the following plan of action: Establishment of a group of developing countries through the Secretariat of the Group of 77; the Group of 77 would then call a monetary conference in 1986; Creation of central bank to take the place of the IMF; a moratorium on repayments would be declared beginning in September 1985; and from August to September contact would be made with groups to work with the Secretariat of the Group of 77. Cesar Vasques Bazan, an economist from Peru, speaks at 1628 GMT and says that to pay the debt, Latin American countries must increase exports. He voices support for President Alan Garcia's economic policy and quotes Garcia as saying the superpowers need to cut military spending, as is being done in Peru. He says that not only is a new international order necessary, but Latin American countries need to become autonomous.

At 1647 GMT, Eladio Cepeda, deputy of the Mexican Federal Congress, speaks. He states that without establishing a new economic order foreign debt will continue to grow. The session ends at 1652 GMT.

DROUGHT AFFECTS CAMAGUEY'S TUBER PRODUCTION

FL301830 Havana Domestic Service in Spanish 1408 GMT 30 Jul 85

[Text] Despite Camaguey agricultural workers' great efforts, it has been impossible to fulfill the tuber production plan during this year's first semester because of the drought affecting the area. The plan aimed at peasant and state sector sales of over 549 quintals of tubers but only 85 percent of this amount was fulfilled.

The main cause for the shortfalls was the rainfall shortage. Fields used for these crops were not irrigated due to the lack of equipment. Camaguey's state enterprises are confident they will fulfill this year's plan. However, the peasant sector is not confident it will fulfill the plan because it faces difficulties with fuel and seeds.

COURSE ON NUCLEAR SCIENCE PROBLEMS BEGINS

FL301421 Havana Television Service in Spanish 1100 GMT 30 Jul 85

[Text] The second course on current nuclear science problems was inaugurated in the University of Havana auditorium attended by Jose Ramon Balaguer, member of the Communist Party Central Committee Secretariat, and Fernando Vecino Alegret, higher education minister. [words indistinct] Fidel Castro Diaz-Balart, executive secretary of the Cuban Nuclear Energy Commission, stressed the importance of this course, which is being attended by professors from seven countries who will give speeches on their knowledge and experience to Cuban nuclear technology researchers.

PCT CRITICIZES PRESIDENT'S TRIP TO SOUTH AMERICA

PA300455 Madrid EFE in Spanish 1545 GMT 26 Jul 85

[By Rosendo Sepulveda]

[Text] Santo Domingo, 26 Jul (EFE) -- The Communist Labor Party [PCT] of the Dominican Republic has described President Salvador Jorge Blanco's trip to several South American countries as merely for propaganda. According to the PCT, the South American countries that the Dominican president is visiting will not be able to help the Dominican Republic. The PCT was referring to the visit that Jorge Blanco began on Tuesday to Brazil, Argentina, Uruguay, and Peru to meet with Presidents Jose Sarney, Raul Alfonsin, and Julio Maria Sanguinetti, and to attend the inauguration of Alan Garcia on Sunday.

According to the PCT, these meetings are mere propaganda because the four nations visited by the Dominican president are suffering from an economic crisis as bad or worse than that of the Dominican Republic, whose foreign debt is one of the lowest on the continent. This is why they cannot help anyone. Thus, the PCT says that the propaganda concerning the so-called benefits that this unnecessary and costly trip will bring to this Caribbean country should not be believed.

In a press communique, the PCT cites as its first example Brazil, which is the largest and most industrially developed country of the four visited by President Jorge Blanco, but also the one with the largest foreign debt in the world. Brazil uses most of the foreign exchange from its exports to pay the high interest on its debt; consequently it has devalued its currency several times and has had to apply the IMF policy, which has impoverished its population, according to the PCT.

As for Argentina, the PCT says that it owes more than $50 billion and that it is a country that has completely surrendered to the IMF, which has forced President Raul Alfonsin to institute a war economy.

Uruguay is seen by the PCT as a country that has been left impoverished by a military government; consequently its internal crisis is more serious every day. Peru is described by the PCT as a nation in the middle of a crisis that has provoked increased political upheaval and social breakdown.

Based on this concise analysis, the PCT recommends that the Dominican Republic not expect anything and that it continue its organized struggle and use its resources in positive actions to alleviate the present adverse situation.

COOPERATION AGREEMENT SIGNED WITH ARGENTINA

FL252200 Santo Domingo Radio Commercial Network in Spanish 0930 GMT 25 Jul 85

[Text] The presidents of the Dominican Republic and Argentina have signed cooperation agreements between the two countries. The agreement signed by Drs Salvador Jorge Blanco and Raul Alfonsin establishes that the Argentine Government will provide funds and materials for the repair of the (Mabo) and (Taguey) presses. The Dominican president said that the country will also obtain resources to correct three high deficiencies in the north (Yaca) project. Blanco stressed the importance of the rehabilitation of those irrigation works for agricultural production in the west. The head of state spoke with journalists who were accompanying him while he toured various places of interest in Argentina.